

**CHARTER TOWNSHIP OF
BLOOMFIELD, MICHIGAN**

FINANCIAL REPORT WITH
SUPPLEMENTAL INFORMATION

Year ended March 31, 2017

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

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INDEPENDENT AUDITOR'S REPORT

To the Township Board
Charter Township of Bloomfield, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Bloomfield, Michigan (the "Township"), as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bloomfield Township Public Library, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township as of and for the year ended March 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension trust and healthcare plan schedules on pages 6–27 and 79-86 be presented to supplement the basic financial statements. Additionally, accounting principles generally accepted in the United States of America require that certain information for the defined benefit pension plan also be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

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

The image shows a handwritten signature in dark ink that reads "UHY LLP". The letters are written in a cursive, slightly stylized font.

Farmington Hills, Michigan
September 18, 2017

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

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, 2017.

FINANCIAL HIGHLIGHTS

- Change in net position for the primary government was \$9,040,935, decreasing from \$27,258,878 to \$18,217,943. This balance consists of governmental net position of \$(39,915,403) and business-type net position of \$58,133,346. These amounts do not include fiduciary funds.
- Taxes and assessments revenue was \$38,443,259, an increase of \$55,523 when compared to the prior year of \$38,387,736. The taxable value increased from \$3,364,207,210 in 2015-16 to \$3,470,928,740 in 2016-17. Some millage rates were rolled back, some remained the same, and the three debt millages may adjust annually to cover upcoming principal and interest payments.
- State shared revenues were \$3,274,737, an increase of \$80,038 when compared to the prior year of \$3,194,699. The majority of these revenues are based on state sales tax collections disbursed based upon population. In 2014, the EVIP program was replaced with the CVTRS program.
- Investment earnings were \$652,697, compared to the prior year earnings of \$238,237. Approximately 54% of the earnings came from invested funds, the other portions came from water and sewer interest collected and interest paid by residents in SAD's. The investments were held in short-term bond mutual funds, a local government investment pool, and certificates of deposit. The investment strategy changed during the fiscal year which contributed to the earnings.
- Total expenses for governmental activities were \$65,319,150, an increase of \$1,588,465 when compared to the prior year of \$63,730,685. This change is due to the annual adjustments for pension obligations and other post-employment benefits (OPEB).
- Total revenues for business-type activities were \$26,469,928 and expenses were \$23,456,698, with an increase to net position of \$3,013,230. The prior year revenues were \$23,936,275 and expenses were \$19,395,201, with an increase to net position of \$4,541,074.
- The governmental activities reported total net position of \$(39,915,403), a decrease of \$(12,054,165) when compared to the previous fiscal year. The decrease is the result of surplus operations within the various operating funds included in this category offset by over \$15 million of adjustments for pension and other post-employment benefits.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

FINANCIAL HIGHLIGHTS (Continued)

- Unrestricted net position for governmental activities was \$(75,342,268), a decrease of \$(13,361,450) when compared to the prior year of \$(61,980,818). Unrestricted net position for the business-type activities was \$8,550,549 a decrease of \$(3,729,901) when compared to the prior year of \$12,280,450.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Reporting the Township as a Whole)

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

- Capital outlay is not reported as an expense on the government-wide statements, but instead is reported as capital assets that are depreciated over their estimated useful life
- Depreciation expense is reported on the government-wide statements
- Principal payments on debt are reported as an expense on the governmental statements, but instead are reported as reductions of the outstanding liabilities on the government-wide statements
- Long-term liabilities such as Other Post-Employment Benefits and Compensated Absences are reported on the government-wide statements
- Accruals such as interest expense are reported on the government-wide statements
- Government-wide statements report the net pension liability, and in 2018 will report the net OPEB liability, neither of which are shown on the governmental statements

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Reporting the Township as a Whole) (Continued)

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

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

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

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

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

Notes to Financial Statements

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

Required Supplementary Information

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Reporting the Township as a Whole) (Continued)

Other Supplementary Information

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

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net position is one indicator of a government's financial condition either at a given point in time or as compared over a period of time. Bloomfield Township's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) by \$18,217,943. In particular, the net position of the governmental activities decreased by \$(12,054,165) and the business-type activities increased by \$3,013,230. For the purpose of this analysis, the fiduciary funds and the component unit are excluded as these resources are not available to support Township programs.

It is important to note that a large portion of the Township's net position 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, 58% of the Township's total assets consisted of capital assets with the remaining 42% consisting primarily of current assets (cash, marketable securities, receivables, prepaid expenses, and inventory) and long-term receivables. The deferred outflow is not considered an asset.

The unrestricted portion of net position is \$(66,791,719). This is the third year reporting a negative balance, which is a direct result of the annual OPEB liability being recorded of over \$7.7M in addition to implementation of GASB 67 & 68. The OPEB liability has always existed, but how it has to be shown on the statements has been changing. This negative balance of net position will be the new normal for most municipalities as they are all now required to show their net pension liability. The net investment in capital assets totaled \$79,629,492. The Township has positive balances in all fund types and in each of the individual funds within the fund types.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (Continued)

Table 1
Net Position
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 71,062	\$ 71,473	\$ 14,135	\$ 16,918	\$ 85,197	\$ 88,391
Capital assets(net)	50,751	52,673	64,583	58,875	115,334	111,548
Total assets	121,813	124,146	78,718	75,793	200,531	199,939
Deferred outflows of resources	13,075	17,147	753	1,087	13,828	18,234
Total assets and deferred outflows of resources	134,888	141,293	79,471	76,880	214,359	218,173
Current and other liabilities	9,186	8,694	2,695	2,607	11,881	11,301
Long-term liabilities	163,060	157,982	18,642	19,153	181,702	177,135
Total liabilities	172,246	166,676	21,337	21,760	193,583	188,436
Deferred inflows of resources	2,557	2,479	-	-	2,557	2,479
Total liabilities and deferred inflows of resources	174,803	169,155	21,337	21,760	196,140	190,915
NET POSITION						
Net investment in capital assets	30,047	29,358	49,583	42,840	79,630	72,198
Restricted	5,380	4,761	-	-	5,380	4,761
Unrestricted	(75,342)	(61,981)	8,551	12,280	(66,791)	(49,701)
Total net position (deficit)	\$ (39,915)	\$ (27,862)	\$ 58,134	\$ 55,120	\$ 18,219	\$ 27,258

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (Continued)

Table 2
Changes in Activities
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program revenues:						
Charges for services	\$ 11,263	\$ 11,463	\$ 26,204	\$ 23,731	\$ 37,467	\$ 35,194
Operating grants and contributions	184	311	-	-	184	311
Capital grants and contributions	52	-	-	30	52	30
General revenues:						
Taxes and assessments	38,450	38,395	-	-	38,450	38,395
State shared revenue	3,275	3,195	-	-	3,275	3,195
Investment earnings (loss)	525	193	128	45	653	238
Contributions from developers	-	-	134	128	134	128
Transfers and other revenue	158	87	4	2	162	89
Total revenues	<u>53,907</u>	<u>53,644</u>	<u>26,470</u>	<u>23,936</u>	<u>80,377</u>	<u>77,580</u>
EXPENSES						
Governmental activities:						
Legislative	25	22	-	-	25	22
Judicial	2,098	2,013	-	-	2,098	2,013
General government	10,643	10,692	-	-	10,643	10,692
Public works	8,173	9,566	-	-	8,173	9,566
Public safety	35,564	33,119	-	-	35,564	33,119
Community enrichment	4,245	3,670	-	-	4,245	3,670
Debt service	4,201	4,453	-	-	4,201	4,453
Other	370	197	-	-	370	197
Business-Type activities:						
Water & Sewer	-	-	23,098	19,043	23,098	19,043
Total expenses	<u>65,319</u>	<u>63,732</u>	<u>23,098</u>	<u>19,043</u>	<u>88,417</u>	<u>82,775</u>
Change in net position before special items and transfers	(11,412)	(10,088)	3,372	4,893	(8,040)	(5,195)
Transfers	(642)	(148)	(358)	(352)	(1,000)	(500)
Change in net position	(12,054)	(10,236)	3,014	4,541	(9,040)	(5,695)
Net position (deficit) - beginning	(27,861)	(17,626)	55,120	50,579	27,259	32,953
Net position (deficit) - ending	<u>\$ (39,915)</u>	<u>\$ (27,862)</u>	<u>\$ 58,134</u>	<u>\$ 55,120</u>	<u>\$ 18,219</u>	<u>\$ 27,258</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

Governmental Activities

Net position decreased by \$(12.1) million as a result of activities within these funds. There was a surplus in the total of the underlying governmental funds of \$1.1 million, but this was offset by over \$7.7 million in OPEB costs in addition to implementation of GASB 67 & 68 in the government-wide statements.

The net property tax levy increased by about 1.4% as the Township's taxable value increased by approximately 3.2% compared to last fiscal year. Property tax millage rates remained the same or declined due to Proposal A and Headlee rollbacks. The three debt service millages change annually to cover the principal and interest coming due. Over the last four years the tax base has increased by 12%. The Township expects to see the tax revenue increase by between 3.0% and 3.5% next year as home values are expected to continue to increase going forward. In addition, there are multiple residential and commercial developments underway that will add to the tax base. Special assessments are also reported on this line of the government-wide statements. In 2016-17, one road special assessment district was established to add to the ten established in the previous three years.

Program revenues are divided into three categories: 1) Charges for services, fees, fines, forfeitures, and rents, 2) Operating grants and contributions, and 3) Capital grants and contributions. Program revenues are very comparable to the prior year. Charges for services for the current year and prior year were \$11.3 million and \$11.5 million, respectively. The charges for services line includes items such as 48th District Court revenues, passport fees, copies and FOIA requests, assessing services provided to City of Sylvan Lake, motor pool services, street lighting charges, PBT revenue (breathalyzer tests), police security services, EMS transport fees, adult day services at the senior center, and cable services charges. At the government-wide level, charges for services also include licenses, permits, fees, and rent revenue. This revenue includes items such as planning and zoning fees, various senior center fees, permit fees, various rents, and franchise and PEG fees.

We incurred investment earnings for the fiscal year of \$652,697, a positive sign when compared to the previous year's investment earnings of \$238,237. A change in investment strategy contributed to this increase in earnings. The Township keeps as much cash invested as possible at any given point in time in order to maximize the earnings potential, and does so without restraining the daily operations. A short-term bond mutual fund was primarily utilized for investments up until a few years ago. We then utilized laddered maturities of CD's to cover the cash needs of daily operations. More recently, we have utilized a local government investment pool and have increased the holdings in that account.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

Governmental Activities (Continued)

Total expenses for the year were \$65.3 million compared to \$63.7 million the prior year. The difference isn't attributable to any one item; it's a combination of many items. The following summarizes what funds or departments are included in the various governmental activities functions:

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

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. The Township has continued to be proactive in containing health care costs. Effective April 1, 2017, a group of pre-Medicare retirees was moved to the same health plan that current employees are on. In addition, prescription coverage was clarified, and these changes are projected to save approximately \$.5 million dollars per year.

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

This year's court expenditures increased slightly from the prior year at \$2.1 million. The court operation revenues and expenditures will rise or decline as the Township case load fluctuates in comparison to the other three municipalities that share the court.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

Governmental Activities (Continued)

Even as the Township's taxable values have begun to slowly recover, it is imperative that management continue to pursue cost-cutting and cost containment strategies moving forward. Legal restrictions to property tax increases in the State of Michigan will not allow property tax revenues to be restored at anywhere near the pace at which they have declined. On a positive note, the major operating fund balances at year end are very healthy and are at levels to where it is not necessary to keep accumulating further. This is why for the sixth consecutive year the Township has opted to make a transfer into the Retiree Health Care fund to defray future retiree health insurance costs. This year's transfer was \$1 million.

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

Public Safety, the largest fund, had expenditures of \$22.7 million before transfers, an increase from the prior year amount of \$22.2 million to provide police, fire, EMS and dispatch services. 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 \$9.3 million before transfers compared to \$9.0 million the prior year. The various underlying activities of the General Fund fluctuated as they do every year, but in total there was no significant movement from last year to this year. 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 \$4.0 million before transfers compared to \$4.1 million the prior year. For many years now, this fund has had to operate at a much smaller size and scope than prior due to the housing market decline. This fund receives a large transfer from the General Fund. See the section titled "Financial Analysis of the Township's Major Funds" for a more detailed analysis of this fund.

Business-Type Activities

Net position increased by \$3,013,230 as compared to last year. There is total net position of \$58,133,346 as compared to \$55,120,116 last year.

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

Business-Type Activities (Continued)

Water sales finished the year higher than what was budgeted. We experienced a dry year which led to increased water consumption. Historically though, the water volume is still about 25% lower than pre-2008 levels. This is the result of a combination of the effects of weather, water conservation in residential and commercial plumbing fixtures, and residents being more aware and cautious of their water use. In the past, sewage treatment was billed to the Township from Oakland County Water Resource Commissioner's office (WRC) based on water consumption, and then it was changed to be actually metered as it passes through the system. This method complicated our budgeting process. We cannot meter sewer consumption at the individual properties so we bill the sewer portion to our customer's based upon their water use. The Township was billed from Oakland County based upon a metered calculation of sewage. This new metering method brought the unpredictability of weather into the equation because rainfall and melting snow would leak into the sanitary sewer system and cause significant weather related fluctuations in the amount the Township is billed for sewage. During the 2014-15 fiscal year, Oakland County changed the billing method again. It went from a quarterly invoice based on actual metered flows for the quarter, to a monthly invoice which is a fixed fee based upon the Township's contribution of flow to the Evergreen-Farmington system. Currently, this is approximately 16%. The Township must adopt its budgets before March 31st of each year. The Water & Sewer Fund is the most difficult fund to project, and contains the most estimates and assumptions of any of the funds. Volumes used by the residents must be estimated, and the Township never receives final rates from its two major suppliers until after the budget has been prepared and adopted. Therefore, calculations used in the adopted budget rarely match up to the actual that are then adopted by the Township Board and put in place for residents effective in April of each year.

Fund expenses finished the year at about 104% of budget, with revenues over as well at about 115% of budget. The result was a net increase of \$3,013,230 for the year, compared to a net increase of \$4,541,074 the prior year. The Township continues to include depreciation expense with the annual water and sewer rates. Beginning with the 2015-16 fiscal year the rates also included a capital component as the depreciation rate is tied to volumes and is insufficient to keep up with the annual infrastructure demands. The water and sewer infrastructure continues to age and it is necessary to build up the reserves in order to fund projects while limiting the issuance of bonds, as well as maintain a balance for emergencies.

Overall, the water and sewer fund statement of net position is in good condition. While the fund experienced an increase to net position of \$3,013,230 for the year, this does not translate to an increase in cash of the same amount. In fact, when comparing a snapshot picture of cash balances, including marketable securities, between the two years it shows that net cash and marketable securities increased by \$676,132. The basic explanation is that we continue to spend funds on the purchase of capital assets, as capital assets are not an expense when purchased.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

Business-Type Activities (Continued)

Prior to fiscal year 2011, the Water & Sewer fund experienced five consecutive years of operating losses. Management remains proactive and is taking the steps necessary to contain costs and mitigate the possibility of future operating losses. Some of these steps included lowering expected consumption estimates and making part of the rate structure a Ready-to-Serve charge, not subject to use, to match changes made by the suppliers. Also, to contain cost increases the employees had been under a pay freeze from 2009 to 2013. They also 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 are no longer eligible for retiree health care but rather a much less expensive retiree health savings account. The Township continues to have one of the lowest operating cost components when compared to its peers.

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 non-compliant per a 1989 Pollution Abatement Order from the Michigan Department of Environmental Quality (MDEQ) for exceeding the Township's allocated capacity contribution to the Evergreen-Farmington Sewage Disposal System's (EFSDS) sanitary sewer overflows. The MDEQ is requiring the Township to find and eliminate sources of inflow and infiltration by way of sewer metering, video inspection and pipe rehabilitation. The Township is well into this process and the successful elimination of such sources will potentially reduce the Township's contribution to the EFSDS regional improvements scheduled to be constructed and completed by November 2017.

The water supply infrastructure concerns mentioned above have been prioritized and divided into several phase capital improvement programs designed to replace about \$43,000,000 of water & sewer infrastructure. The process to sell bonds for Phase I began early in fiscal 2005-06. These bonds amounting to \$4,470,000 were sold in May 2006. Phase II bonds amounting to \$4,750,000 were sold in March 2008 at the same time as a \$4,000,000 bond sale for sewer system improvements. An additional \$3,000,000 in bonds was sold in April 2011 for sewer system improvements. Phase III water system bonds of \$3,250,000 were sold in April 2013. These bonds are being repaid by flat rate debt service charges applied to customer bills. In 2012, after five years of operating losses, and upon urging from our auditors, the Township adjusted the water & sewer rates to include depreciation. Then in 2015-16, added an additional component for funding capital projects. The funds collected through the water & sewer rates for these items are intended to be used for water & sewer capital improvements. While we cannot show these amounts as restricted on the face of the financial statements, it is the intent of the Township to use these funds as indicated. At the end of the fiscal year, the department designated over \$6.2 million for replacement and improvements, and emergencies compared to \$6.5 million the prior year.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

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

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

General Fund

The general fund is a key operating fund of Bloomfield Township. Several major revenue sources flow through the general fund including property taxes, state revenue sharing, and investment earnings. At the end of the fiscal year, the total fund balance of the general fund was \$12,778,850, an increase of \$274,599 over the prior year balance of \$12,504,251. Most of the fund balance is unassigned with a balance of \$12,176,740, the remainder being nonspendable for inventory and prepaid items and for long-term receivables. Consequently, most of the balance is available for spending at the administration's discretion and that would include being used to transfer money to supplement other Township funds. It is recommended by the Government Finance Officers Association (GFOA) to have fund balance equivalent to 15-20% of annual expenditures as a minimum. As of the fiscal year end, this fund has fund balance equivalent to 77% of annual expenditures before transfers. As explained earlier, this calculation is as of a specific day in time and fluctuates greatly depending on the time of year it is calculated.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

General Fund (Continued)

This fund is currently in very good to excellent financial shape and will continue to recover from the 2008 recession. The fund recorded more in revenue this year as compared to last year with an increase in property taxes. State revenue sharing also increased over the prior year but still remains far below what it was about a decade ago. The difficult financial situation at the state level does seem to be recovering 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 are slowly making a comeback with a net gain of \$353,901 in this fiscal year. The Township expanded the investment vehicles it utilizes, and interest rate returns have been increasing.

Revenues finished the year at 103% of budget with variations coming from a wide array of accounts, some coming in under budget and others over budget. The most notable discrepancies include state revenue sharing with an unfavorable variance of \$(41,263), district court revenue with a favorable variance of \$61,730, a higher than expected auto/property/liability insurance premium refund of \$338,484, and finally, investment earnings with a favorable variance of \$153,901.

Expenditures before transfers were \$9,345,585, an increase of \$336,395 when compared to the prior year of \$9,009,190. Transfers out of the general fund in the current year were \$7,134,264 and the prior year totaled \$6,775,043, with most of the funds transferred to the public safety fund both years. Effective beginning with fiscal year 2013-14 the Township started transferring funds to the Pension Obligation Bond Debt fund; the amount was \$859,263 this fiscal year and was \$875,043 last fiscal year. As anticipated, the general fund is transferring all of the 2010 millage tax dollars to the public safety fund and road fund to provide necessary support as these funds have been hit the hardest by the decreased property tax revenue. The fund also was able to make a transfer to the retiree health care trust fund both years; \$1,000,000 this year and \$500,000 in the prior year. To date, the general fund has cumulatively transferred \$4,000,000 into the retiree health care trust. Comparing actual expenditures between the current year and prior year shows an increase of 3.7%. Well aware of the economic situation, the departments that are reported in the general fund have maintained a status-quo attitude when it comes to maintaining their operations. Even though personnel costs continue to increase, management has been able to partially absorb that with savings in other areas.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

General Fund (Continued)

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

Expenditures finished the year at 96.2% of budget before transfers out and the unbudgeted transfer to the retiree health care trust fund of \$1,000,000. The favorable budget variances were spread throughout many of the activities accounted for in this fund. The largest favorable variance was the general government function which was under budget by \$331,676. The Township's management was able to follow the five-year strategic plan established in 2008 and used a combination of revenue replacement and reduced expenditures to maintain a balanced financial situation while maintaining services at the high level residents have come to expect. The Township continues to develop a capital infrastructure plan.

Road Fund

The road fund is the third largest operating fund in size and scope of the three major governmental operating funds. Bloomfield Township is the only township in the state with its own road department. It has an agreement with Oakland County to allow the Township to maintain most of the subdivision roads which remain owned by the County. At the end of the fiscal year, the fund balance was \$2,543,441. The overall fund balance increased by \$35,146 as compared to the prior fiscal year. Presently, this fund balance amount provides sufficient cash resources to meet operating expenses until the property tax revenue is received toward the end of the subsequent fiscal year. It is recommended by the GFOA to have fund balance equivalent to 15-20% of annual expenditures as a minimum. As of the fiscal year end, this fund has fund balance equivalent to 64% of annual expenditures before transfers.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

Road Fund (Continued)

In past years, fund revenues had consistently fallen short of expenditures requiring contracted maintenance work to be cut back or eliminated. This fiscal year was the fourth year of moving in the right direction of spending more on paving contract work, with an expense of \$590,583 compared to \$621,286 the prior year. Due to years of Headlee rollbacks to the road millage, the general fund must transfer funds to the road fund in order to maintain the current level of service. This fiscal year the transfer amounted to \$1,025,000 as compared to \$1,250,000 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 and capital outlay 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 \$2,431,770, the general fund transfer of \$1,025,000 and Oakland County Road Commission contract repayments totaling \$724,994. This contract saw its first increase in seven years. Approximately 46% of the funds expenditures are related to personnel, the remainder are the operating costs of repairing and maintaining the roads. To help control costs, road department employees had agreed to the same health care and pension changes as the general fund employees. The combination of aging road conditions, dependence upon property tax revenue limited by Headlee, and the need for general fund support make this the most susceptible of the three major operating funds. Much of the local road replacement projects that will be necessary in future years will have to be funded by special assessments. As a last resort, the responsibility for maintaining the roadways could be returned to the Oakland County Road Commission. Management is committed to continue providing high quality road maintenance services to the Township residents.

Public Safety Fund

This special revenue fund is by far the largest within the governmental fund type category. The costs associated with providing police services, Fire/EMS services and dispatch services are all paid from this fund. At the end of the fiscal year, the fund balance was \$13,647,876. The overall fund balance increased by \$83,188 compared to the prior year. It is recommended by the GFOA to have fund balance equivalent to 15-20% of annual expenditures as a minimum. As of the fiscal year end, this fund has fund balance equivalent to 60% of annual expenditures before transfers.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

Public Safety Fund (Continued)

Total revenues ended the year at 100% of budget. The public safety fund derives 94% of its revenue for operations from property taxes. This fund has taken a hard financial hit from the decline in taxable property values leading up to a much needed increase the past four years. The general fund transfer has gone from nothing in fiscal year 2010 to \$4,250,000 in fiscal year 2017, and we are projecting the fund to need a transfer of \$4,775,000 next year. If you exclude the transfer, the fund's total revenues were consistent with the prior year. Other than property taxes and a transfer from the general fund, the major revenue sources include over \$1,000,000 of EMS Transport Fees, and over \$360,000 in various charges for services. Total expenditures before transfers were \$447,758 more than the prior year. The majority of expenses for this fund are related to personnel and personnel costs continue to rise. The expenditures before transfers ended the year at 99% of budget.

The historical trend for this fund has seen fringe benefit expenditures increase at a greater rate than fund revenue that comes mostly from the four public safety property tax millages. Management must continue to be proactive to reverse this trend. This problem has been especially challenging given the lengthy decline in property values causing significant reduction in revenue to this fund. To offset some of the lost revenue a 1.30 mill proposal was passed in February of 2010. Currently, all of the tax collected from this millage is being used to maintain police and fire services as closely as possible to current levels. Despite this source of revenue, management must continue to take action to contain cost increases to this fund. Presently, the Township spends over \$5.7 million on life and health insurance for active and retired public safety personnel. This would be a significantly larger number if we hadn't made changes to the benefits. Public safety employees under union contracts were on pay freezes from fiscal years 2010 to 2013. Negotiated contracts have eliminated the retiree health care benefit for all new hires, replacing it with a much less expensive retirement 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 makes it very difficult for this or any fund that relies almost exclusively on property tax revenue to absorb expenditure increases greater than the consumer price index for an extended period of time. Consequently, even though the present financial position of the public safety fund is very good and it appears that 2013 marked the bottom of property value declines, management must continue to find ways to permanently contain and/or reduce the rate at which fund expenditures increase. Failure to do so would almost certainly lead to a reduction in the work force hampering the department's ability to provide critical services in a timely manner.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

Pension Obligation Bond Debt Fund

This fund was established in 2013 to account for revenues and expenditures related to the sale of \$80,780,000 in bonds to fund the defined benefit pension plan. This was allowed under State of Michigan Public Act 329 of 2012. The taxable bonds are backed by the full faith and credit of the Township and will mature in May 2032. This fund accounts for contribution revenue in the form of transfers from the various Township funds, and in turn makes the principal and interest payments related to the bonds. Principal and interest payments for the year totaled \$6,231,311. After making the \$3,295,000 principal installment this year, the outstanding bond debt was \$69,415,000. The fund had a year end fund balance of \$2,694. The taxable bonds were sold at a 4.5% interest rate, but then were refunded in 2016 at a new rate of 3.1%. This created savings of \$1.4M dollars.

Special Assessment Debt Fund

This fund was established in fiscal year 2014 to account for bond debt taken on behalf of the Township to pay for subdivision road paving projects. The Township collects special assessments from the benefiting residents in the special assessment district in order to pay the debt. There have been multiple bond sales and projects since 2014. The bonds are backed by the full faith and credit of the Township. The fund had a year end fund balance of \$2,932,183.

CAPITAL ASSETS

The Township's total capital assets net of accumulated depreciation for its governmental activities amounted to \$50,751,419. This represents a decrease of \$1,921,085 from the prior year balance of \$52,672,504. The annual amount of depreciation was greater than the amount of new purchases of capital assets.

The business-type activities capital assets net of accumulated depreciation amounted to \$64,582,796, an increase of \$5,708,131 when compared to the prior year of \$58,874,665. Most of these assets are being depreciated over an estimated useful life of 50 years. As stated earlier in this report, this fund has been investing restricted cash and bond proceeds into both the water and sewer systems by replacing the aged existing infrastructure. During this fiscal year, the Township spent over \$3.9 million on improvements to the water and sewer systems, compared to over \$5.6 million the prior year.

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

CAPITAL ASSETS (Continued)

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

- Road Fund replaced a Dump Truck at a cost of \$212,890
- Police Department replaced 5 vehicles at a cost of \$130,165
- Building Inspection replaced 4 vehicles at a cost of \$102,120
- Safety Path construction at a cost of \$1.4M
- W&S Fund replaced a pickup truck at a total cost of \$36,961
- Improvements to water and sewer infrastructure of \$3.8M

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 \$112,548,038. The majority of the governmental debt consists of bonded debt of \$12,355,000 to pay for the library addition and renovation, \$20,235,000 to pay for campus additions and renovations, and \$69,415,000 to fund the defined benefit pension plan. The pension debt payments are funded by the various departments or funds making transfers into a pension obligation bond debt fund which in turn makes the principal and interest payments. The fire department is two years into a five-year capital lease on a ladder truck with a balance of \$469,723. There is also \$5,205,000 outstanding to pay for eleven road special assessment districts. The Township sold bonds for these projects and will be repaid by the residents in those districts through annual special assessments. The remaining debt within the governmental funds reflects the Township's share of county debt for various storm sewer projects. Other than the pension debt and special assessment debt, all other governmental activity debt is being paid for via ad valorem property tax levies. There was one bond sale of \$605,000 for a road special assessment district, and one bond refunding of the campus debt with savings of \$1.4M dollars. Multiple drain-at-large debt issues have matured this year, lowering the millage needed in future years.

The Township had total business-type debt outstanding, including amounts due within one year, of \$19,230,553. There were two bond refundings this year with total savings of \$206,000. The bonded debt in the business-type activity fund consists of the Township share of county debt obligations for various sanitary sewer construction projects within the Township as well as debt issued by the Township related to the water and sewer system capital improvement programs. The water and sanitary sewer debt obligations are paid for using funds collected from customers on their monthly or quarterly bills.

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

ECONOMIC FACTORS AND LOOKING FORWARD

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

Property tax revenues increased for the fourth year in a row. State revenue sharing increased by about 2.5%. The majority of it is tied to the state's sales tax collections, and overall is still historically low. The state economy continues to improve, and so we expect state revenue sharing to continue to increase annually.

Even though property values appear to be rising significantly, property tax increases will be limited to the rate of inflation or 5%, whichever is less. The consumer price index this year was .03%, a decrease from 1.6% the prior year. It will take constant monitoring to ensure budget restraints and requirements are achieved.

In 2013, the Township addressed its pension liability by selling pension obligation bonds. This stabilized an annual expenditure that used to fluctuate year to year based upon an actuarial report.

Moving forward, the focus is on the Township's OPEB liability. The Township has always been on a pay-as-you-go basis for this liability, and this is not only allowable by law but is practiced by many municipalities. The Township did analyze whether it would make sense to fund the OPEB liability with bonds similar to the pension. The conclusion was that the debt would be unsustainable, meaning the annual debt costs would far exceed what the fund budgets could afford. This liability has always existed but GASB began requiring entities to report this liability on the government-wide statements, which dramatically changes the financial picture of the Township when comparing the modified accrual statements to the full accrual statements. This adjustment added over \$7.7 million in OPEB liability to the statements this year. The total liability according to the latest actuarial report is \$157 million. As of the end of the fiscal year, the Township had set aside \$10.8 million towards funding retiree health care. The Township is working to address the issue by transferring most if not all of its surplus funds into the OPEB trust on an annual basis.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

ECONOMIC FACTORS AND LOOKING FORWARD (Continued)

Please refer to Table 1 presented earlier. As of March 31, 2016, the unrestricted net position was a negative \$(62.0) million and total net position was a negative \$(27.9) million. As of March 31, 2017, the unrestricted net position is a negative \$(75.3) million and total net position is a negative \$(39.9) million. A few years ago we noted that we expected to report a negative unrestricted net position as of March 31, 2015, and a negative total net position shortly after that. Both of these have since come true. This means at the government-wide level, which reports on a full accrual basis, the Township has total liabilities that are greater than total assets. The Governmental Accounting Standards Board (GASB) recently released GASB 74 and 75 relating to OPEB liabilities. We will have to begin to implement these in 2018. It will require municipalities to report OPEB liabilities in the same or similar manner to how pension liabilities are being reported. For the Township, this means instead of adding \$5-7 million in OPEB liability each year, we would be required to report the entire \$157 million liability on the government wide statements. When this occurs, all municipalities will be facing the same scenario but to varying degrees. Keep in mind though, that the OPEB liabilities being reported remain long-term in nature. The Township has always addressed the OPEB liabilities on a pay-as-you-go basis and plan to continue to do so in the future. The credit rating agencies have been well aware of this for many years, and understand that the Township is operationally in a very strong position and reaffirmed the AAA rating. They also recognize that the OPEB liability would be much greater if the Township hadn't made all of the changes to health care benefits that were mentioned earlier. However, they do note concern of the size of the unfunded liability.

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

REQUESTS FOR INFORMATION

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF NET POSITION
March 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 12,979,203	\$ 2,407,563	\$ 15,386,766	\$ 539,414
Marketable securities	34,910,371	6,088,303	40,998,674	11,881,328
Receivables	3,558,227	5,411,003	8,969,230	-
Due from component unit	264,025	-	264,025	-
Prepaid items	218,402	-	218,402	23,215
Inventory	456,870	227,708	684,578	-
Total current assets	<u>52,387,098</u>	<u>14,134,577</u>	<u>66,521,675</u>	<u>12,443,957</u>
NONCURRENT ASSETS				
Capital assets				
Nondepreciable assets:				
Land	828,648	-	828,648	131,015
Other	-	3,137,813	3,137,813	-
Depreciable assets:				
Land improvements	27,354,210	-	27,354,210	-
Building	45,390,832	-	45,390,832	26,855,265
Machinery, furniture and equipment	22,505,395	2,243,971	24,749,366	4,575,212
Library books and audiovisual materials	-	-	-	4,609,967
Investment in system	13,082,267	103,110,571	116,192,838	-
Less accumulated depreciation	(58,409,933)	(43,909,559)	(102,319,492)	(12,398,734)
Total capital assets	<u>50,751,419</u>	<u>64,582,796</u>	<u>115,334,215</u>	<u>23,772,725</u>
OTHER ASSETS - Long-term receivables	<u>18,673,877</u>	<u>-</u>	<u>18,673,877</u>	<u>-</u>
Total noncurrent assets	<u>69,425,296</u>	<u>64,582,796</u>	<u>134,008,092</u>	<u>23,772,725</u>
Total assets	<u>121,812,394</u>	<u>78,717,373</u>	<u>200,529,767</u>	<u>36,216,682</u>
DEFERRED OUTFLOWS OF RESOURCES				
Debt refunding	1,254,443	-	1,254,443	-
Pension	11,820,815	753,079	12,573,894	686,716
Total deferred outflows of resources	<u>13,075,258</u>	<u>753,079</u>	<u>13,828,337</u>	<u>686,716</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	2,413,277	1,008,327	3,421,604	277,032
Accrued expenses and other liabilities	-	225,564	225,564	55,097
Due to primary government	-	-	-	264,025
Unearned revenue	-	397,081	397,081	-
Amount due within one year	6,773,028	1,063,735	7,836,763	150,624
Total current liabilities	<u>9,186,305</u>	<u>2,694,707</u>	<u>11,881,012</u>	<u>746,778</u>
NONCURRENT LIABILITIES				
Postemployment benefit obligations	48,278,450	-	48,278,450	2,423,351
Net pension liability	5,111,314	322,237	5,433,551	204,609
Compensated absences and sick pay	3,895,016	153,344	4,048,360	275,339
Capital lease	356,758	-	356,758	-
Bonds payable	105,418,252	18,166,818	123,585,070	-
Total noncurrent liabilities	<u>163,059,790</u>	<u>18,642,399</u>	<u>181,702,189</u>	<u>2,903,299</u>
Total liabilities	<u>172,246,095</u>	<u>21,337,106</u>	<u>193,583,201</u>	<u>3,650,077</u>
DEFERRED INFLOWS OF RESOURCES -				
Unearned revenue	<u>2,556,960</u>	<u>-</u>	<u>2,556,960</u>	<u>-</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	30,046,695	49,582,797	79,629,492	23,772,725
Restricted for:				
Debt service	5,130,720	-	5,130,720	-
Community enrichment	249,450	-	249,450	-
Gifts	-	-	-	167,863
Unrestricted	(75,342,268)	8,550,549	(66,791,719)	9,312,733
Total net position (deficit)	<u>\$ (39,915,403)</u>	<u>\$ 58,133,346</u>	<u>\$ 18,217,943</u>	<u>\$ 33,253,321</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF ACTIVITIES
Year Ended March 31, 2017

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities:								
Legislative	\$ 24,852	\$ -	\$ -	\$ -	\$ (24,852)	\$ -	\$ (24,852)	\$ -
Judicial	2,097,906	1,761,730	-	-	(336,176)	-	(336,176)	-
General government	10,642,824	5,259,391	-	52,310	(5,331,123)	-	(5,331,123)	-
Public works	8,173,393	843,465	-	-	(7,329,928)	-	(7,329,928)	-
Public safety	35,563,996	1,509,252	96,117	-	(33,958,627)	-	(33,958,627)	-
Community enrichment	4,245,111	1,624,272	87,839	-	(2,533,000)	-	(2,533,000)	-
Debt service	4,201,261	222,449	-	-	(3,978,812)	-	(3,978,812)	-
Other	369,807	42,014	-	-	(327,793)	-	(327,793)	-
Total governmental activities	65,319,150	11,262,573	183,956	52,310	(53,820,311)	-	(53,820,311)	-
Business-Type activities -								
Water and sewer	23,098,412	26,203,615	-	-	-	3,105,203	3,105,203	-
Total primary government	<u>\$ 88,417,562</u>	<u>\$ 37,466,188</u>	<u>\$ 183,956</u>	<u>\$ 52,310</u>	<u>\$ (53,820,311)</u>	<u>\$ 3,105,203</u>	<u>\$ (50,715,108)</u>	<u>\$ -</u>
Component unit - Library	<u>\$ 7,061,672</u>	<u>\$ 121,761</u>	<u>\$ 89,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,850,014)</u>
			General revenues:					
			Taxes and assessments		\$ 38,443,259	\$ -	\$ 38,443,259	\$ 6,786,721
			State shared revenue		3,274,737	-	3,274,737	26,856
			Circulation revenue		-	-	-	86,868
			Miscellaneous		165,204	4,335	169,539	14,582
			Unrestricted investment earnings		524,660	128,037	652,697	27,749
			Capital contributions		-	133,941	133,941	-
			Transfer to Retiree Health Care Fund		(1,000,000)	-	(1,000,000)	-
			Transfer to Pension Obligation Fund		358,286	(358,286)	-	-
			Total general revenues and transfers		41,766,146	(91,973)	41,674,173	6,942,776
			CHANGE IN NET POSITION		(12,054,165)	3,013,230	(9,040,935)	92,762
			NET POSITION (DEFICIT), Beginning of year		(27,861,238)	55,120,116	27,258,878	33,160,559
			NET POSITION (DEFICIT), End of year		<u>\$ (39,915,403)</u>	<u>\$ 58,133,346</u>	<u>\$ 18,217,943</u>	<u>\$ 33,253,321</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2017

	General	Road	Public Safety	Special Assessment Debt Service	Pension Obligation Bond Debt Retirement	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 270,009	\$ 71,790	\$ 451,849	\$ 1,084,365	\$ 2,694	\$ 8,782,044	\$ 10,662,751
Marketable securities	8,708,118	2,324,625	13,472,164	-	-	10,405,464	34,910,371
Receivables (net):							
Delinquent taxes	1,836,003	-	-	-	-	-	1,836,003
Component unit	264,025	-	-	-	-	-	264,025
Special assessment	-	-	-	4,374,343	-	-	4,374,343
Other	1,429,502	29,977	62,899	-	-	334,905	1,857,283
Prepaid items	218,402	-	-	-	-	-	218,402
Inventory	292,467	164,403	-	-	-	-	456,870
Total assets	\$ 13,018,526	\$ 2,590,795	\$ 13,986,912	\$ 5,458,708	\$ 2,694	\$ 19,522,413	\$ 54,580,048
LIABILITIES - Accounts payable and accrued expenses							
	\$ 239,676	\$ 47,354	\$ 339,036	\$ -	\$ -	\$ 153,465	\$ 779,531
DEFERRED INFLOW OF RESOURCES -							
Special assessments	-	-	-	2,526,525	-	-	2,526,525
FUND BALANCES							
Nonspendable:							
Inventory and prepaid items	510,869	164,403	-	-	-	-	675,272
Long-term advances receivable	91,250	-	-	-	-	-	91,250
Restricted:							
Debt service	-	-	-	2,932,183	2,694	4,203,661	7,138,538
Roads and safety paths	-	2,379,038	-	-	-	3,170,586	5,549,624
Public safety	-	-	13,647,876	-	-	1,032,388	14,680,264
Community enrichment	-	-	-	-	-	178,070	178,070
Assigned:							
Community enrichment	-	-	-	-	-	7,984,376	7,984,376
Building inspection	-	-	-	-	-	2,799,867	2,799,867
Unassigned	12,176,731	-	-	-	-	-	12,176,731
Total fund balances	12,778,850	2,543,441	13,647,876	2,932,183	2,694	19,368,948	51,273,992
Total liabilities and fund balances	\$ 13,018,526	\$ 2,590,795	\$ 13,986,912	\$ 5,458,708	\$ 2,694	\$ 19,522,413	\$ 54,580,048

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
Reconciliation of the Balance Sheet of Governmental Funds to the Statement
of Net Position
March 31, 2017

FUND BALANCE REPORTED IN GOVERNMENTAL FUNDS \$ 51,273,992

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

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

Cost of capital assets	109,161,352
Less accumulated depreciation	(58,409,933)

Governmental funds do not report a liability for accrued interest until due and payable.	(1,630,380)
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities include:

Bonds payable and capital lease obligations	(112,548,038)
Other post employment benefit obligations	(48,278,450)
Net pension liability	(5,111,314)
Compensated absences	(1,578,564)
Deferred outflows of resources - refunding	1,254,443
Deferred outflows of resources - pension	11,820,815
Accounts payable and other accrued liabilities	(33,789)

Some revenues in the governmental funds are not collected within the prescribed time period after year end and therefore, are considered unavailable. These revenues are recognized on the full accrual basis in the government-wide financial statements.

Service receivable	2,754
Special assessment receivable	14,161,709

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (39,915,403)

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2017

	<u>General</u>	<u>Road</u>	<u>Public Safety</u>	<u>Special Assessment Debt Service</u>	<u>Pension Obligation Bond Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUE							
Taxes and assessments	\$ 7,829,276	\$ 2,431,770	\$ 21,136,380	\$ 647,319	\$ -	\$ 7,866,221	\$ 39,910,966
Grants	52,310	-	96,117	-	-	87,675	236,102
Road fund repayments	-	724,994	-	-	-	-	724,994
State shared revenues	3,274,737	-	-	-	-	-	3,274,737
Charges for services	700,199	-	1,368,719	-	-	363,629	2,432,547
Licenses, permits and fees	1,012,798	45,181	30,729	-	-	2,612,930	3,701,638
Investment earnings	353,901	-	-	170,759	-	-	524,660
Fines and forfeitures	1,770,270	-	-	-	-	31,509	1,801,779
Rent	1,191,424	-	-	-	-	-	1,191,424
Fees	-	-	-	-	-	375,858	375,858
Reimbursements	171,297	44,164	38,736	-	-	38,265	292,462
Miscellaneous	398,236	37,134	105,755	-	222,449	97,101	860,675
Total revenue	<u>16,754,448</u>	<u>3,283,243</u>	<u>22,776,436</u>	<u>818,078</u>	<u>222,449</u>	<u>11,473,188</u>	<u>55,327,842</u>
EXPENDITURES							
Operating:							
Legislative	24,852	-	-	-	-	-	24,852
Judicial	2,097,906	-	-	-	-	-	2,097,906
General government	6,271,103	-	-	-	-	1,290,358	7,561,461
Public works	-	3,758,331	-	-	-	1,026,754	4,785,085
Public safety	238,429	-	22,398,679	-	-	469,526	23,106,634
Community enrichment and development	328,493	-	-	-	-	2,931,469	3,259,962
Debt service	-	-	-	-	-	7,186	7,186
Other	327,791	-	-	-	-	-	327,791
Capital outlay	57,011	216,921	146,175	-	-	1,532,346	1,952,453
Debt service:							
Principal retirement	-	-	110,112	385,000	3,295,000	2,797,966	6,588,078
Interest and fiscal changes	-	-	15,021	143,304	2,936,311	1,327,408	4,422,044
Total expenditures	<u>9,345,585</u>	<u>3,975,252</u>	<u>22,669,987</u>	<u>528,304</u>	<u>6,231,311</u>	<u>11,383,013</u>	<u>54,133,452</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>7,408,863</u>	<u>(692,009)</u>	<u>106,449</u>	<u>289,774</u>	<u>(6,008,862)</u>	<u>90,175</u>	<u>1,194,390</u>
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	-	-	-	-	605,000	605,000
Debt refunding use	-	-	-	-	-	21,928,958	21,928,958
Debt refunding source	-	-	-	-	-	(21,924,949)	(21,924,949)
Transfers in	-	1,025,000	4,250,000	-	6,008,612	-	11,283,612
Transfers out	(7,134,264)	(297,845)	(4,273,261)	-	-	(219,956)	(11,925,326)
Total other financing sources (uses)	<u>(7,134,264)</u>	<u>727,155</u>	<u>(23,261)</u>	<u>-</u>	<u>6,008,612</u>	<u>389,053</u>	<u>(32,705)</u>
NET CHANGE IN FUND BALANCES	<u>274,599</u>	<u>35,146</u>	<u>83,188</u>	<u>289,774</u>	<u>(250)</u>	<u>479,228</u>	<u>1,161,685</u>
FUND BALANCES, Beginning of year	<u>12,504,251</u>	<u>2,508,295</u>	<u>13,564,688</u>	<u>2,642,409</u>	<u>2,944</u>	<u>18,889,720</u>	<u>50,112,307</u>
FUND BALANCES, End of year	<u>\$ 12,778,850</u>	<u>\$ 2,543,441</u>	<u>\$ 13,647,876</u>	<u>\$ 2,932,183</u>	<u>\$ 2,694</u>	<u>\$ 19,368,948</u>	<u>\$ 51,273,992</u>

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended March 31, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,161,685

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

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

Capital outlay	1,952,453
Depreciation expense	(3,873,538)

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

Debt issued, net of discount/premium	(651,335)
Principal paid	6,588,078

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

Accrued interest	145,158
Compensated absences	(28,829)
Other post-employment benefit obligations	(7,731,840)
Pension obligations	(2,827,187)
Deferred outflows - pension	7,978
Amortization of deferred outflows/inflows	(5,333,847)

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

Service receivables	(192)
Special assessment receivable	(1,468,226)
Deferred revenue	5,477

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (12,054,165)

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUND
March 31, 2017

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water & Sewer</u>	<u>Proprietary Internal Service Fund</u>
ASSETS		
CURRENT ASSETS		
Cash, cash equivalents and investments:		
Unrestricted	\$ 1,739,187	\$ 2,316,452
Restricted	668,376	-
Marketable securities - unrestricted	6,088,303	-
Receivables (net):		
Customers	5,222,520	-
Other	188,483	-
Inventory	227,708	-
	<u>14,134,577</u>	<u>2,316,452</u>
Total current assets		
	<u>14,134,577</u>	<u>2,316,452</u>
NONCURRENT ASSETS		
Capital assets		
Machinery and equipment	2,243,971	-
Investment in system	106,248,384	-
	<u>108,492,355</u>	<u>-</u>
Less accumulated depreciation	43,909,559	-
	<u>64,582,796</u>	<u>-</u>
Net capital assets		
	<u>64,582,796</u>	<u>-</u>
Total noncurrent assets		
	<u>64,582,796</u>	<u>-</u>
Total assets		
	<u>78,717,373</u>	<u>2,316,452</u>
DEFERRED OUTFLOWS OF RESOURCES - Pension	<u>753,079</u>	<u>-</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,008,327	-
Accrued expenses and other liabilities	225,564	-
Amounts due within one year	1,063,735	-
Unearned revenue	397,081	-
	<u>2,694,707</u>	<u>-</u>
Total current liabilities		
	<u>2,694,707</u>	<u>-</u>
NONCURRENT LIABILITIES		
Net pension liability	322,237	-
Compensated absences	153,344	-
Amounts due in more than one year	18,166,818	2,316,452
	<u>18,642,399</u>	<u>2,316,452</u>
Total noncurrent liabilities		
	<u>18,642,399</u>	<u>2,316,452</u>
Total liabilities		
	<u>21,337,106</u>	<u>2,316,452</u>
NET POSITION		
Net invested in capital assets	49,582,797	-
Unrestricted	8,550,549	-
	<u>58,133,346</u>	<u>-</u>
Total net position		
	<u>\$ 58,133,346</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended March 31, 2017

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water & Sewer</u>	<u>Proprietary Internal Service Fund</u>
OPERATING REVENUES		
Water sales	\$ 12,360,972	\$ -
Sewer usage	11,189,815	-
Debt service charges	1,777,522	-
Privilege fees	313,108	-
Tap sales	42,235	-
Meter material and service sales	114,383	-
Water capital charges	31,500	-
Late payment penalties	293,668	-
	<hr/>	<hr/>
Total operating revenues	26,123,203	-
	<hr/>	<hr/>
DIRECT COSTS		
Water purchased	8,042,015	-
Treatment charges	6,782,073	-
Depreciation	2,033,121	-
Tap costs	76,539	-
Meters, materials and service costs	43,233	-
Sick pay	-	128,745
	<hr/>	<hr/>
Total direct costs	16,976,981	128,745
	<hr/>	<hr/>
OPERATING AND ADMINISTRATIVE EXPENSES	4,734,730	-
	<hr/>	<hr/>
Operating profit (loss)	4,411,492	(128,745)
	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	128,037	-
Interest expense	(1,386,701)	-
Reimbursements	35,983	-
Miscellaneous	48,764	-
	<hr/>	<hr/>
Total nonoperating revenues (expenses)	(1,173,917)	-
	<hr/>	<hr/>
Income (loss) before contributions and transfers	3,237,575	(128,745)
	<hr/>	<hr/>
CONTRIBUTIONS AND TRANSFERS		
Township contributions	-	128,745
Transfer out to Pension Obligation Bond Debt Fund	(358,286)	-
Capital contributions	133,941	-
	<hr/>	<hr/>
Total contributions and transfers	(224,345)	128,745
	<hr/>	<hr/>
Change in net position	3,013,230	-
	<hr/>	<hr/>
NET POSITION, Beginning of year	55,120,116	-
	<hr/>	<hr/>
NET POSITION, End of year	<u>\$ 58,133,346</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended March 31, 2017

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water & Sewer</u>	<u>Proprietary Internal Service Fund</u>
Cash Flows from Operating Activities		
Receipts from customers	\$ 26,056,287	\$ -
Receipts from miscellaneous	3,111	-
Payments to employees	(2,223,920)	-
Payments to suppliers	(16,966,230)	-
Sick pay	-	(86,731)
	<u>6,869,248</u>	<u>(86,731)</u>
Net cash provided by (used in) operating activities	6,869,248	(86,731)
Cash Flows from Noncapital Financing Activities		
Receipts from other governments	35,983	-
Transfers from Township	-	128,745
	<u>35,983</u>	<u>128,745</u>
Net cash provided by noncapital financing activities	35,983	128,745
Cash Flows from Capital and Related Financing Activities		
General obligation contracts with County		
Principal payments	(1,080,343)	-
Interest and fiscal charges	(1,059,958)	-
Transfer to other funds	(358,286)	-
Proceeds from sale of capital assets	4,512	-
Purchase of capital assets	(3,907,488)	-
	<u>(6,401,563)</u>	<u>-</u>
Net cash used in capital and related financing activities	(6,401,563)	-
Cash Flows from Investing Activities		
Investment income	128,037	-
Miscellaneous	44,429	-
	<u>172,466</u>	<u>-</u>
Net cash provided by investing activities	172,466	-
Net increase in cash, cash equivalents, investments and marketable securities	676,134	42,014
Cash, Cash Equivalents, Investments, and Marketable securities, Beginning of year	<u>7,819,732</u>	<u>2,274,438</u>
Cash, Cash Equivalents, Investments, and Marketable securities, End of year	<u>\$ 8,495,866</u>	<u>\$ 2,316,452</u>
Statement of net position classification of cash and cash equivalents		
Unrestricted	\$ 1,739,187	\$ 2,316,452
Restricted	668,376	-
Marketable securities	6,088,303	-
Totals	<u>\$ 8,495,866</u>	<u>\$ 2,316,452</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended March 31, 2017

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water & Sewer</u>	<u>Proprietary Internal Service Fund</u>
Reconciliation of operating profit to net cash provided by operating activities		
Operating profit (loss)	\$ 4,411,492	\$ (128,745)
Adjustments to reconcile operating profit (loss) to net cash from operating activities:		
Depreciation	2,033,121	-
(Increase) decrease in:		
Receivables from customers	(210,546)	-
Receivables from others	3,111	-
Inventory	(68,593)	-
Deferred outflow of resources - pension	334,189	-
Increase (decrease) in:		
Accounts payable	(3,773)	-
Accrued expenses and other liabilities	-	42,014
Unearned revenue	143,630	-
Postemployment benefits	35,337	-
Net pension liability	177,401	-
Employee compensated absences	13,879	-
	<u>\$ 6,869,248</u>	<u>\$ (86,731)</u>
Net cash provided by (used in) operating activities	<u>\$ 6,869,248</u>	<u>\$ (86,731)</u>

Noncash capital and financing activities

Capital assets of \$133,921 were acquired through contributions from others.

Capital assets of \$3,700,000 were acquired from bond proceeds.

Bonds in the amount of \$5,820,000 were refunded.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
March 31, 2017

	Pension & Other Employee Benefit Trust Funds	Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Cash	\$ 1,000,000	\$ 456,223
Investments:		
Mutual funds	69,689,041	-
Guaranteed deposit account fixed income fund	154,512,040	-
	<u> </u>	<u> </u>
Total assets	225,201,081	<u><u>\$ 456,223</u></u>
LIABILITIES		
Accounts payable and withholdings	-	\$ 15,513
Deposits and other liabilities:		
Escrow deposits	-	220,119
Refundable deposits	-	163,825
Other	-	56,766
	<u> </u>	<u> </u>
Total liabilities	-	<u><u>\$ 456,223</u></u>
NET POSITION - Held in trust for pension and other employee benefits	<u><u>\$ 225,201,081</u></u>	

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended March 31, 2017

	Pension & Other Employee Benefit Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 6,003,844
Employee	470,578
	<hr/>
Total contributions	6,474,422
	<hr/>
Investment income:	
Net change in fair value of investments	5,157,955
Interest	5,399,794
Dividends	1,969,458
	<hr/>
Total investment income	12,527,207
	<hr/>
Total additions	19,001,629
	<hr/>
DEDUCTIONS	
Distributions	14,307,318
Administrative fees	159,372
	<hr/>
Total deductions	14,466,690
	<hr/>
Change in net position	4,534,939
	<hr/>
NET POSITION, Beginning of year	220,666,142
	<hr/>
NET POSITION, End of year	<u>\$ 225,201,081</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

Description of Reporting Entity

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

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

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

Discretely Presented Component Unit — Bloomfield Township Public Library

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bloomfield Village Association

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

Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government reports the following major governmental funds:

General

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

Road

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

Public Safety

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

Pension Obligation Bond Debt Fund

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

Special Assessment Debt Service

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

The government reports the following major proprietary fund:

Water and Sewer

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the government reports the following other fund types:

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

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

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

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

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

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

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

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

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

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments

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

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Receivables and Payables

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

Inventory

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

Prepaid Items

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

Restricted Assets

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

Capital Assets

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Capital Assets (Continued)

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

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

Long term Liabilities

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

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

Compensated Absences and Sick Pay Funding

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Compensated Absences and Sick Pay Funding (Continued)

Each year, cash is transferred to the Internal Service Fund for accumulated sick pay at the end of the fiscal year. The estimated sick pay liability is reported as a liability in the fund.

As of March 31, 2017, accrued payroll taxes on sick pay and accrued vacation pay were not funded. Consequently, these unfunded amounts are shown as a liability for employees' compensated absences and are included in long term liabilities on the government-wide financial statements.

Deferred Outflow and Inflow of Resources

In addition to assets, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide statements and proprietary funds report deferred outflows from the differences between projected and actual investment earnings, differences between expected and actual experience and changes in assumptions of the pension plan. In addition, the government-wide statements also report deferred outflows from bond refunding.

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

Pension

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Other Postemployment Benefit Costs

The Township offers healthcare benefits to retirees. The Township receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and “adjustment to the ARC” on the beginning of year underpaid amount, if any.

Government-wide and Proprietary Fund Net Position

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

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

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

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

Fund Balance Flow Assumptions

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

Fund Balance/Net Position Policies

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Fund Balance/Net Position Policies (Continued)

The committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the Township's highest level of decision making authority. The Township's Board of Trustees (the Board) is the highest level of decision-making authority for the Township that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the Finance Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of the assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Interfund Activity

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

Use of Estimates

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

Reclassifications

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 2 –DEPOSITS AND INVESTMENTS

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

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

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

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

	Governmental Activities	Business-Type Activities	Agency Fund	Total Primary Government	Component Unit
Cash and cash equivalents	\$ 12,979,203	\$ 2,407,563	\$ 456,223	\$ 15,842,989	\$ 539,414
Marketable securities	34,910,371	6,088,303	-	40,998,674	11,881,328
Total	<u>\$ 47,889,574</u>	<u>\$ 8,495,866</u>	<u>\$ 456,223</u>	<u>\$ 56,841,663</u>	<u>\$ 12,420,742</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 2 –DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. The bank balance of the primary government's deposits is \$17,008,580 of which \$250,000 is covered by federal depository insurance. The component unit had a bank balance of \$2,532 which was exposed to custodial credit risk because it was 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. As of year-end, the credit quality ratings of debt securities are as follows:

<u>Primary Government Investment</u>		
Money market funds	\$ 607,722	Not Rated
Fixed income mutual funds	\$ 14,310,803	AAA
Local government investment pool	\$ 26,080,149	Not Rated
<u>Component Unit Investment</u>		
Fixed income mutual funds	\$ 11,881,328	Not Rated

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

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

<u>Investment Maturities (in Years)</u>			
<u>Primary Government Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>
Money market funds	\$ 607,722	\$ 607,722	\$ -
Fixed income mutual funds*	\$ 14,310,803	\$ -	\$ 14,310,803
Local government investment pool	\$ 26,080,149	\$ 26,080,149	\$ -
<u>Component Unit Investment Type</u>			
Fixed income mutual funds*	\$ 11,881,328	\$ -	\$ 11,881,328

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

Fair Value Measurements

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

The Township has the following recurring fair value measurements as of March 31, 2017: Investments classified as Level 1 are valued using prices quoted in active markets for those securities.

	Balance at March 31, 2017	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary government:				
Mutual funds - Money market	\$ 607,722	\$ 607,722	\$ -	\$ -
Mutual funds - Fixed income	14,310,803	14,310,803	-	-
Total primary government	14,918,525	14,918,525	-	-
Fiduciary funds:				
Mutual funds - Equities	63,293,277	63,293,277	-	-
Mutual funds - Money market	94,617	94,617	-	-
Mutual funds - Fixed income	4,393,877	4,393,877	-	-
Mutual funds - REIT	1,907,270	1,907,270	-	-
Stable value - Guaranteed deposit	154,512,040	-	-	-
Total fiduciary funds	224,201,081	69,689,041	-	-
Total investments by fair value level	239,119,606	\$ 84,607,566	\$ -	\$ -
Investments measured at net asset value (NAV) - Primary government				
Oakland County local government investment pool	26,080,149			
Total investments measured at fair value	<u>\$ 265,199,755</u>			

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments in Entities that Calculate Net Asset Value per Share

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

At March 31, 2017, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
NAV - Oakland County Government Investment Pool	\$26,080,149	\$ -	No restrictions	None

NOTE 3 – RECEIVABLES

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

	<u>General Fund</u>	<u>Road Fund</u>	<u>Public Safety</u>	<u>Drain at Large</u>	<u>Library Debt Retirement</u>	<u>Special Assessment Debt Service</u>	<u>Nonmajor & Other</u>	<u>Water & Sewer</u>
Delinquent taxes	\$1,836,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	1,329,781	-	62,899	-	-	-	-	5,411,003
Component unit	264,025	-	-	-	-	-	-	-
Special assessment	-	-	-	1,806,709	12,355,000	4,374,343	-	-
Interest & other receivables	102,487	29,977	-	-	-	-	334,905	-
Net receivables	<u>\$3,532,296</u>	<u>\$29,977</u>	<u>\$62,899</u>	<u>\$1,806,709</u>	<u>\$12,355,000</u>	<u>\$4,374,343</u>	<u>\$334,905</u>	<u>\$5,411,003</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments	<u>\$12,355,000</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 4 – CAPITAL ASSETS

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

	Balance April 1, 2016	Additions	Disposals	Balance March 31, 2017
Governmental Activities				
Capital assets not being depreciated -				
Land	\$ 828,648	\$ -	\$ -	\$ 828,648
Capital assets being depreciated:				
Buildings	45,390,832	-	-	45,390,832
Improvements other than buildings	25,956,836	1,397,374	-	27,354,210
Machinery and equipment	22,622,214	555,079	(671,898)	22,505,395
Infrastructure	13,082,267	-	-	13,082,267
Subtotal	<u>107,052,149</u>	<u>1,952,453</u>	<u>(671,898)</u>	<u>108,332,704</u>
Less accumulated depreciation:				
Buildings	14,482,493	1,107,018	-	15,589,511
Improvements other than buildings	15,354,154	1,401,134	-	16,755,288
Machinery and equipment	17,754,366	1,103,587	(671,898)	18,186,055
Infrastructure	7,617,280	261,799	-	7,879,079
Subtotal	<u>55,208,293</u>	<u>3,873,538</u>	<u>(671,898)</u>	<u>58,409,933</u>
Net capital assets being depreciated	<u>51,843,856</u>	<u>(1,921,085)</u>	<u>-</u>	<u>49,922,771</u>
Net capital assets	<u>\$ 52,672,504</u>	<u>\$ (1,921,085)</u>	<u>\$ -</u>	<u>\$ 50,751,419</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 4 – CAPITAL ASSETS (Continued)

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

	Balance April 1, 2016	Additions	Disposals	Balance March 31, 2017
Business-Type Activities				
Capital assets not being depreciated - Improvements to systems	\$ 3,121,221	\$ 16,592	\$ -	\$ 3,137,813
Capital assets being depreciated:				
Improvements to systems	67,349,524	3,881,010	-	71,230,534
Machinery and equipment	2,121,435	143,826	(21,290)	2,243,971
Township share of county sewers	28,180,037	3,700,000	-	31,880,037
Subtotal	<u>97,650,996</u>	<u>7,724,836</u>	<u>(21,290)</u>	<u>105,354,542</u>
Less accumulated depreciation:				
Improvements to systems	24,915,163	1,384,326	-	26,299,489
Machinery and equipment	1,542,127	131,624	(21,114)	1,652,637
Township share of county sewers	15,440,262	517,171	-	15,957,433
Subtotal	<u>41,897,552</u>	<u>2,033,121</u>	<u>(21,114)</u>	<u>43,909,559</u>
Net capital assets being depreciated	<u>55,753,444</u>	<u>5,691,715</u>	<u>(176)</u>	<u>61,444,983</u>
Net capital assets	<u>\$58,874,665</u>	<u>\$ 5,708,307</u>	<u>\$ (176)</u>	<u>\$ 64,582,796</u>

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

General government	\$ 495,371
Public safety	772,206
Community enrichment and development	238,597
Public works	<u>2,367,364</u>
Total governmental activities	<u>\$ 3,873,538</u>
Business-type activities	
Water & sewer	<u>\$ 2,033,121</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 4 – CAPITAL ASSETS (Continued)

Capital asset activity of the Component Unit was as follows:

	Balance April 1, 2016	Additions	Disposals	Balance March 31, 2017
Capital assets not being depreciated:				
Land	\$ 131,015	\$ -	\$ -	\$ 131,015
Capital assets being depreciated:				
Buildings	26,693,479	161,786	-	26,855,265
Furniture and equipment	4,358,669	301,256	(84,713)	4,575,212
Library books and audiovisual materials	4,835,328	522,095	(747,456)	4,609,967
Subtotal	<u>35,887,476</u>	<u>985,137</u>	<u>(832,169)</u>	<u>36,040,444</u>
Less accumulated depreciation:				
Buildings	5,264,928	454,080	-	5,719,008
Furniture and equipment	3,571,386	415,231	(78,062)	3,908,555
Library books and audiovisual materials	2,960,464	558,163	(747,456)	2,771,171
Subtotal	<u>11,796,778</u>	<u>1,427,474</u>	<u>(825,518)</u>	<u>12,398,734</u>
Net capital assets being depreciated	<u>24,090,698</u>	<u>(442,337)</u>	<u>(6,651)</u>	<u>23,641,710</u>
Net capital assets	<u>\$ 24,221,713</u>	<u>\$ (442,337)</u>	<u>\$ (6,651)</u>	<u>\$ 23,772,725</u>

Capital assets including library books are recorded at cost. Depreciation expense was \$1,427,474 for the year ended March 31, 2017.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

	Transfers In	Transfer Out
Interfund Transfers		
General Fund	\$ -	\$ 7,134,264
Road Fund	1,025,000	297,845
Public Safety Fund	4,250,000	4,273,261
Pension Obligation Bond Debt Fund	6,008,612	-
Retiree Health Care Fund	1,000,000	-
Non-major Governmental Funds	-	219,956
Water & Sewer Fund	-	358,286
	<u>\$ 12,283,612</u>	<u>\$ 12,283,612</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

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

NOTE 6 – LONG TERM DEBT

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

Bond and contractual obligation activity can be summarized as follows:

	Interest Rate	Principal Matures	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
County drain contracts	1.65-6.5%	2017-2031	\$ 3,093,377	\$ -	\$ (817,966)	\$ 2,275,411	\$ 141,983
Library construction bond	1.25-3%	2024	13,735,000	-	(1,380,000)	12,355,000	1,415,000
General construction bond	4-5.00%	2032	22,400,000	18,835,000	(21,000,000)	20,235,000	1,195,000
Pension obligation bond	.51-5.37%	2032	72,710,000	-	(3,295,000)	69,415,000	3,335,000
Capital lease obligation	2.59%	2020	579,835	-	(110,112)	469,723	112,965
Special assessment bond	2-4.75%	2031	4,985,000	605,000	(385,000)	5,205,000	400,000
Plus bond premium			19,227	2,823,453	(47,317)	2,795,363	185,420
Less amortization of bond discount			(292,101)	-	89,642	(202,459)	(12,340)
Total bonds payable			117,230,338	22,263,453	(26,945,753)	112,548,038	6,773,028
Employee compensated absences and sick pay	-	NA	3,823,904	42,283	28,829	3,895,016	-
Total governmental activities			<u>\$ 121,054,242</u>	<u>\$ 22,305,736</u>	<u>\$ (26,916,924)</u>	<u>\$ 116,443,054</u>	<u>\$ 6,773,028</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 6 – LONG TERM DEBT (Continued)

	Interest Rate	Principal Matures	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities							
County water & sewer contracts	2-4.50%	2026-2035	\$ 19,830,342	\$ 5,820,000	\$ (7,100,342)	\$ 18,550,000	\$ 995,000
Less amortization of bond discount			(54,897)	-	34,301	(20,596)	(1,574)
Plus amortization of bond premium			174,755	556,323	(29,929)	701,149	70,309
Total bonds payable			19,950,200	6,376,323	(7,095,970)	19,230,553	1,063,735
Employee compensated absences	-	NA	139,466	13,878	-	153,344	-
Total business-type activities			<u>\$ 20,089,666</u>	<u>\$ 6,390,201</u>	<u>\$ (7,095,970)</u>	<u>\$ 19,383,897</u>	<u>\$ 1,063,735</u>

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

Year Ending March 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 6,599,947	\$ 4,252,533	\$ 995,000	\$ 571,427
2019	6,574,483	4,245,084	1,005,000	577,778
2020	6,834,095	4,060,539	1,100,000	545,858
2021	7,003,783	3,848,444	1,130,000	512,671
2022	6,777,256	3,625,588	1,270,000	477,038
2023-2027	34,095,395	14,323,110	7,275,000	1,720,223
2028-2032	34,425,175	6,592,927	4,515,000	530,719
2033-2035	7,645,000	202,114	1,260,000	65,144
	109,955,134	<u>\$ 41,150,339</u>	18,550,000	<u>\$ 5,000,858</u>
Less: Unamortized discount	(202,459)		(20,596)	
Plus: Unamortized premium	2,795,363		701,149	
	<u>\$ 112,548,038</u>		<u>\$ 19,230,553</u>	

Advanced Refundings

During the year, the Township issued \$18,835,000 in General Obligation Unlimited Tax Refunding Bonds with an interest rate of 4% - 5%. The proceeds of these bonds were used to advance refund \$20,400,000 of outstanding General Obligation Unlimited Tax Bonds, Series 2007 with interest rates ranging from 4% - 5%. The net proceeds of \$21,478,331 (after payment of \$90,653 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an escrow fund to provide for all future debt service payments on the original bonds. As a result, the bonds were considered to be defeased and the liability for the bonds has been removed. The refunding reduced total debt service payments over the next 15 years by approximately \$1,565,000, which represents an economic gain of approximately \$1,425,000.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 6 – LONG TERM DEBT (Continued)

Advance Refundings (Continued)

The Township also issued \$2,710,000 in General Obligation Limited Tax Refunding Bonds with an interest rate of 3% - 5%. The proceeds of these bonds were used to advance refund \$2,800,000 of outstanding General Obligation Limited Tax Bonds, Series 2008B with interest rates ranging from 3% - 3.9%. The net proceeds of \$2,917,964 (after payment of \$33,909 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an escrow fund to provide for all future debt service payments on the original bonds. As a result, the bonds were considered to be defeased and the liability for the bonds has been removed. The refunding reduced total debt service payments over the next 10 years by approximately \$90,000, which represents an economic gain of approximately \$76,463.

The Township also issued \$3,110,000 in General Obligation Limited Tax Refunding Bonds with an interest rate of 3% - 4%. The proceeds of these bonds were used to advance refund \$3,220,000 of outstanding General Obligation Limited Tax Bonds, Series 2008A with interest rates ranging from 3% - 3.9%. The net proceeds of \$3,357,604 (after payment of \$38,038 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an escrow fund to provide for all future debt service payments on the original bonds. As a result, the bonds were considered to be defeased and the liability for the bonds has been removed. The refunding reduced total debt service payments over the next 10 years by approximately \$110,000, which represents an economic gain of approximately \$135,288.

NOTE 7 – AGREEMENTS

Franchise Agreements

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

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

Total franchise fees recognized under these agreements during the current year were \$1,041,070.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 7 – AGREEMENTS (Continued)

Lessor Agreements

The General Fund rents the use of the Courthouse under a lease expiring October 31, 2036 to the State of Michigan 48th Judicial District Court. Rent income for the year was \$549,607.

The General Fund leases land for mobile telecommunications broadcast towers under three separate agreements. Two of these agreements expire July 31, 2017, and the remaining agreement expires November 30, 2017. The leases require rental payments in total of \$101,817. These agreements all have predetermined extension terms which call for 5% annual increases.

Interfund Lease Agreements

The Cable Studio Special Revenue Fund uses a Township owned building and automobile and the Building Department Fund uses Township owned office space. The Water and Sewer Fund uses office and other space owned by the Township. The General Fund is reimbursed for the use. The agreements are cancelable at any time. Rental income related to the agreements was \$540,000 for the year ended March 31, 2017.

NOTE 8 – CAPITAL LEASE

The Township entered into a lease agreement for equipment with a cost of \$687,167. Accumulated amortization at March 31, 2017 was \$77,306 and amortization expense for the year ended March 31, 2017 was \$34,358. The lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the inception date. The future debt and interest expense obligations have been included in Note 6. The future minimum lease obligations and the net present value are as follows:

Year Ending March 31,	Amount
2018	\$ 125,133
2019	125,133
2020	125,133
2021	125,133
Total minimum lease payments	500,532
Less amount representing interest	(30,809)
Present value	<u>\$ 469,723</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 9 – RETIREMENT PLAN - PENSION TRUST

Plan Description

The Township contributes to the Township of Bloomfield Retirement Income Plan (the "Plan"), which is a single-employer defined benefit plan. It is the responsibility of the Township pension employees' retirement system (PERS) to function as the investment and administrative agent for the Township with respect to the pension plan. A stand-alone financial report of the plan has not been issued. Information shown for the plan is as of January 1, 2017, the date of the plan's latest actuarial valuation.

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

Membership in the Plan consisted of the following at January 1, 2017, the latest actuarial valuation:

Active plan members	163
Retirees and beneficiaries receiving benefits	274
Terminated and inactive plan members entitled to but not yet receiving benefits	<u>15</u>
Total plan members	<u><u>452</u></u>

Basis of Accounting

The Plan's financial statements are prepared using information as of December 31, 2016, 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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)

Contributions

Total contributions to the Plan for the plan year beginning January 1, 2016, amounted to \$317,049 of which 100% were made by the Township employees on covered payroll of \$11,627,527 for the 2017 calendar year.

There were no employer contributions to the plan for the fiscal year ending March 31, 2017.

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

Funding Policy

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

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

Investment Policy

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)

Investment Policy (Continued)

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

<u>Asset Class</u>	<u>Minimum</u>	<u>Target Maximum</u>
Large Cap	30%	45% - 70%
Mid Cap	15%	20% - 35%
Small Cap	10%	16% - 25%
International	5%	13% - 20%
Alternative *	0%	6% - 10%

*Alternative defined as mutual funds diversified in holdings of natural resources, hard assets and/or real estate.

Rate of Return

For the year ended March 31, 2017, the annual money-weighted rate of return on plan investments, net of pension plan investment expense was 6.9%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the Township at March 31, 2017 were as follows:

Total pension liability	\$215,308,703
Plan fiduciary net position	<u>209,875,152</u>
Net pension liability	<u>\$ 5,433,551</u>

Plan fiduciary net position as a percentage of the total pension liability	97.48%
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The Township has chosen to use March 31, 2017 as its measurement date for the net pension liability. The March 31, 2017 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of March 31, 2017.

The March 31, 2017 total pension liability was determined by an actuarial valuation performed as of January 1, 2017.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)

Net Pension Liability (Continued)

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

Changes in Net Pension Liability	Total Pension Liability	Increase (Decrease) Plan Net Position	Net Pension Liability (Asset)
Balance at April 1, 2016	\$ 208,236,229	\$ 205,807,266	\$ 2,428,963
Service cost	3,093,406	-	3,093,406
Interest	12,185,184	-	12,185,184
Differences between expected and actual experience including assumption changes	1,800,149	-	1,800,149
Contributions - Employer	-	-	-
Contributions - Employee	-	317,049	(317,049)
Net investment income	-	13,843,427	(13,843,427)
Benefit payments, including refunds	(10,006,265)	(10,006,265)	-
Administrative expenses	-	(86,325)	86,325
Net changes	7,072,474	4,067,886	3,004,588
Balance at March 31, 2017	\$ 215,308,703	\$ 209,875,152	\$ 5,433,551

Assumption Changes

There were no changes in the plan as of the valuation date.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)

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

For the year ended March 31, 2017, the Township recognized pension expense of \$2,996,110. At March 31, 2017, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,337,492	\$ -
Changes in assumptions	3,232,477	-
Net difference between projected and actual earnings on pension plan investments	<u>7,003,925</u>	<u>-</u>
Total	<u>\$12,573,894</u>	<u>\$ -</u>

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

Years Ending March 31,	Amount
2018	\$ 5,668,527
2019	\$ 4,718,964
2020	\$ 2,544,737
2021	\$ (358,334)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of March 31, 2017. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)

Discount Rate

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

Projected Cash Flows

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

The target allocation and best estimates of arithmetic real rates of return as of January 1, 2017, the measurement date, for each major class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Large Cap Equity	18.00%	8.00%
Small Cap Equity	8.00%	8.75%
Mid Cap Equity	7.00%	8.50%
International Equity	5.00%	7.50%
Stable Value	60.00%	4.60%
Real Estate	2.00%	7.00%
Total	<u>100.00%</u>	

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

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

Discount rate	1% Decrease 5.00%	Discount Rate 6.00%	1% Increase 7.00%
Net pension liability (asset) of the Township	<u>\$ 39,745,951</u>	<u>\$ 5,433,551</u>	<u>\$ (12,881,990)</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 10 – RETIREMENT PLAN - DEFINED CONTRIBUTION PLAN

Plan Description — Defined Contribution Plan

The Charter Township of Bloomfield 401(a) Plan is a defined contribution pension plan established by the Township to provide benefits at retirement for eligible employees. The plan was effective April 1, 2005 for new Township hires and effective on or after April 2, 2011 for Bloomfield Township Library eligible employees. At March 31, 2017 there were 105 plan members. A stand-alone financial report of the plan has not been issued.

Contributions Required and Contributions Made — Defined Contribution Plan

The Township may make discretionary contributions of not more than 10% of the total compensation for all active participants for all plan members except Bargained Employees. The Township contributions for Bargained Employees will be made in accordance with the Collective Bargaining Agreement. Contributions are made bi-weekly. For the year ended March 31, 2017, contributions in the amount of \$718,720 were made to the plan by the Township. In addition, discretionary contributions in the amount of \$138,009 were made to the plan by Township employees.

NOTE 11 – DEFERRED COMPENSATION

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

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

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Township provides contributory and noncontributory medical, dental, vision and basic life insurance coverage for eligible retirees and their spouses. These benefits are paid to four groups of employees who are eligible for different retiree benefits based on their date of hire. Additionally, benefits for bargaining employees are specified by union contract while the Board of Trustees establishes those for non-bargaining employees. Bargaining and non-bargaining employees who retire 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 or non-bargaining status.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funding Policy and Annual OPEB Cost

For the 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 Trustees. 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:

	<u>Primary Government</u>	<u>Component Unit</u>
Annual required contribution	\$ 13,238,120	\$ 531,108
Interest on net OPEB obligation	1,620,275	84,831
Adjustment to annual required contribution	<u>(2,477,659)</u>	<u>(129,711)</u>
Annual OPEB cost	12,380,736	486,228
Contributions made	<u>(4,613,559)</u>	<u>(183,653)</u>
Increase in net OPEB obligation	7,767,177	302,575
Net OPEB obligation, Beginning of year	<u>40,511,273</u>	<u>2,120,776</u>
Net OPEB obligation, End of year	<u>\$ 48,278,450</u>	<u>\$ 2,423,351</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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, 2017, for the plan is as follows:

Year Ended	Annual OPEB Cost	Percentage of OPEB Cost to Obligation	Net OPEB Obligation
March 31, 2017	\$ 12,866,964	25.4%	\$ 50,701,801
Primary government	\$ 12,380,736	25.6%	\$ 48,278,450
Component unit	\$ 486,228	20.1%	\$ 2,423,351

	Year ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net Ending Obligation
Primary government	3/31/2015	\$ 11,801,608	\$ 3,815,071	32.3%	\$ 37,842,447
Primary government	3/31/2016	\$ 12,579,469	\$ 9,910,643	78.8%	\$ 40,511,273
Primary government	3/31/2017	\$ 12,380,736	\$ 4,613,559	37.3%	\$ 48,278,450

	Year ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net Ending Obligation
Component unit	3/31/2015	\$ 517,090	\$ 152,436	29.5%	\$ 1,791,887
Component unit	3/31/2016	\$ 499,266	\$ 170,377	34.1%	\$ 2,120,776
Component unit	3/31/2017	\$ 486,228	\$ 183,653	37.8%	\$ 2,423,351

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015 was as follows:

Actuarial accrued liabilities (a)	\$ 157,390,635
Actuarial value of plan assets (b)	<u>5,437,023</u>
Unfunded actuarial accrued liability (funding excess) (a) - (b)	<u><u>\$ (151,953,612)</u></u>
Township	<u><u>\$ 146,695,932</u></u>
Component Unit	<u><u>\$ 5,257,680</u></u>
Funded ratio (b) / (a)	3.45%
Covered payroll (c)	\$ 15,279,000
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll $[(a) - (b)] / (c)$	994.5%

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.

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	7/1/2015
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level Percent of Payroll
Remaining amortization period	18 years
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	Governmental 4% Water & Sewer 4.5%
Projected salary increases	4%
Healthcare inflation rate	5.50 initially Grading to 4.60% in 2084

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 13 – CONTINGENCIES

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

NOTE 14 – OTHER INFORMATION

Risk Management

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

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

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

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

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

Accordingly, the Township records in the General Fund an asset for funds on deposit in the member retention fund of the MMRMA and a liability for incurred claims and allocated claims adjustment not paid as estimated by MMRMA. At March 31, 2017, the balance of the Township's funds prepaid in the Member Retention Fund of the MMRMA was \$155,071 and the claims incurred and allocated claims adjustment accrued was \$41,089.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 14 – OTHER INFORMATION (Continued)

Risk Management (Continued)

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

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

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

At March 31, 2017, there were no claims which exceeded insurance coverage for any of the past six fiscal years. The Township had no significant reduction in insurance coverage from previous years.

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 14 – OTHER INFORMATION (Continued)

Risk Management (Continued)

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

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

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

Library

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

At March 31, 2017, there were no claims which exceeded insurance coverage for any of the past five fiscal years. The Library had no significant reduction in insurance coverage from previous years.

Property Taxes

Delinquent Property Taxes Receivable

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

<u>Budget Year</u>	<u>Tax Levy Date</u>
County – October 1, 2015 through September 30, 2016	6-1-2016
Township – April 1, 2016 through March 31, 2017	12-1-2016

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 14 – OTHER INFORMATION (Continued)

Property Taxes

Delinquent Property Taxes Receivable

The 2016 tax levy is summarized as follows:

	Taxable Value	Millage Rate	Revenue
Township			
General	\$ 3,460,740,318	2.2495	\$ 7,784,935
Senior services	\$ 3,460,740,318	0.2392	827,809
Public safety - voted	\$ 3,460,740,318	6.1075	21,136,471
Roads - voted	\$ 3,460,740,318	0.7027	2,431,862
Library-operating-voted perpetual	\$ 3,460,740,318	1.9608	6,785,820
Library debt service	\$ 3,460,740,318	0.4800	1,661,155
Drain debt service	\$ 3,460,740,318	0.3300	1,142,044
Capital improvements	\$ 3,460,740,318	0.4600	1,591,941
Safety path - voted	\$ 3,460,740,318	0.4747	1,642,813
Total Township		<u>13.0044</u>	<u>\$ 45,004,850</u>
County			
Transportation - voted	\$ 3,460,740,318	<u>0.9941</u>	<u>\$ 3,440,322</u>
Special assessments			
Bloomfield Village Association			
Fire	\$ 341,201,810	0.3520	\$ 120,103
Police	\$ 341,201,810	1.2360	421,725
		<u>1.5880</u>	<u>\$ 541,828</u>

NOTE 15 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No 74, *Financial Reporting for Postemployment Benefits Plans other than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive note disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the Township will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements net OPEB liability. The Township is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB Statement No. 75 is effective one year later.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 16 – SUBSEQUENT EVENTS

The Township's management has performed a review of events subsequent to the balance sheet date through September 18, 2017, the date the financial statements were available to be issued. Subsequent to March 31, 2017, Oakland County had two bond issuances of which approximately \$6,250,000 will be allocated to the Township for repayment.

REQUIRED SUPPLEMENTAL INFORMATION

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Taxes and assessments	\$ 7,946,000	\$ 7,946,000	\$ 7,829,276	\$ (116,724)
State shared revenues	3,316,000	3,316,000	3,274,737	(41,263)
Grants	50,000	50,000	52,310	2,310
Charges for services	592,800	592,800	700,199	107,399
Licenses, permits and fees	1,010,000	1,010,000	1,012,798	2,798
Investment earnings	200,000	200,000	353,901	153,901
Fines and forfeitures	1,708,000	1,708,000	1,770,270	62,270
Rent	1,163,033	1,163,033	1,191,424	28,391
Reimbursements	140,000	140,000	171,297	31,297
Miscellaneous	217,000	217,000	398,236	181,236
Total revenue	<u>16,342,833</u>	<u>16,342,833</u>	<u>16,754,448</u>	<u>411,615</u>
EXPENDITURES				
Current				
Legislative	25,500	25,500	24,852	648
Judicial	2,100,000	2,100,000	2,097,906	2,094
General government	6,538,260	6,538,260	6,206,584	331,676
Public safety	242,310	242,310	238,429	3,881
Community enrichment and development	392,670	392,670	328,493	64,177
Other	299,200	299,200	327,791	(28,591)
Equipment non-capital	60,000	60,000	64,519	(4,519)
Capital outlay	55,000	55,000	57,011	(2,011)
Total expenditures	<u>9,712,940</u>	<u>9,712,940</u>	<u>9,345,585</u>	<u>367,355</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>6,629,893</u>	<u>6,629,893</u>	<u>7,408,863</u>	<u>778,970</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(6,599,717)</u>	<u>(6,599,717)</u>	<u>(7,134,264)</u>	<u>(534,547)</u>
Total other financing sources (uses)	<u>(6,599,717)</u>	<u>(6,599,717)</u>	<u>(7,134,264)</u>	<u>(534,547)</u>
NET CHANGE IN FUND BALANCE	30,176	30,176	274,599	244,423
FUND BALANCE, Beginning of year	<u>12,504,251</u>	<u>12,504,251</u>	<u>12,504,251</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 12,534,427</u>	<u>\$ 12,534,427</u>	<u>\$ 12,778,850</u>	<u>\$ 244,423</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - ROAD FUND
Year Ended March 31, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Taxes	\$ 2,464,000	\$ 2,464,000	\$ 2,431,770	\$ (32,230)
Road fund repayments	671,500	671,500	724,994	53,494
License permits and fees	43,000	43,000	45,181	2,181
Reimbursements	10,000	10,000	44,164	34,164
Miscellaneous	4,000	4,000	37,134	33,134
Total revenue	<u>3,192,500</u>	<u>3,192,500</u>	<u>3,283,243</u>	<u>90,743</u>
EXPENDITURES				
Public works				
Salaries and wages	1,057,300	1,057,300	1,025,250	32,050
Benefits	620,990	620,990	607,388	13,602
Health insurance refund	(41,000)	(41,000)	-	(41,000)
Other benefits	69,260	69,260	58,083	11,177
Operating supplies	1,433,000	1,433,000	1,276,572	156,428
Professional services	22,000	22,000	15,370	6,630
Contracted services	184,000	184,000	228,897	(44,897)
Transportation	345,000	345,000	283,441	61,559
Insurance and bonds	40,000	40,000	39,644	356
Utilities	150,000	150,000	152,356	(2,356)
Miscellaneous	8,000	8,000	13,459	(5,459)
Equipment non-capital	75,000	75,000	57,871	17,129
Capital outlay	325,000	325,000	216,921	108,079
Total expenditures	<u>4,288,550</u>	<u>4,288,550</u>	<u>3,975,252</u>	<u>313,298</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,096,050)</u>	<u>(1,096,050)</u>	<u>(692,009)</u>	<u>404,041</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(297,844)	(297,844)	(297,845)	(1)
Transfers in	1,400,000	1,400,000	1,025,000	(375,000)
Total other financing sources (uses)	<u>1,102,156</u>	<u>1,102,156</u>	<u>727,155</u>	<u>(375,001)</u>
NET CHANGE IN FUND BALANCE	6,106	6,106	35,146	29,040
FUND BALANCE, Beginning of year	<u>2,508,295</u>	<u>2,508,295</u>	<u>2,508,295</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 2,514,401</u>	<u>\$ 2,514,401</u>	<u>\$ 2,543,441</u>	<u>\$ 29,040</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - PUBLIC SAFETY FUND
Year Ended March 31, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Taxes	\$ 21,427,000	\$ 21,427,000	\$ 21,136,380	\$ (290,620)
Grants	-	-	96,117	96,117
Charges for services	1,310,000	1,310,000	1,368,719	58,719
Liquor license rebates	17,000	17,000	18,642	1,642
Reimbursements	40,000	40,000	38,736	(1,264)
Miscellaneous	38,500	38,500	117,842	79,342
	<u>22,832,500</u>	<u>22,832,500</u>	<u>22,776,436</u>	<u>(56,064)</u>
Total revenue				
EXPENDITURES				
Public works				
Salaries and wages	12,930,400	12,930,400	12,744,660	185,740
Benefits	6,940,870	6,940,870	6,720,409	220,461
Health insurance refund	(426,000)	(426,000)	-	(426,000)
Other benefits	989,870	989,870	921,082	68,788
Operating supplies	288,500	288,500	275,860	12,640
Professional services	328,000	328,000	282,212	45,788
Transportation	708,000	708,000	608,776	99,224
Insurance and bonds	370,000	370,000	355,337	14,663
Contracted services	114,500	114,500	147,087	(32,587)
Public utilities	75,000	75,000	71,506	3,494
Principal and interest	125,133	125,133	125,133	-
Miscellaneous	94,500	94,500	144,115	(49,615)
Equipment non-capital	138,000	138,000	127,635	10,365
Capital outlay	159,000	159,000	146,175	12,825
	<u>22,835,773</u>	<u>22,835,773</u>	<u>22,669,987</u>	<u>165,786</u>
Total expenditures				
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(3,273)</u>	<u>(3,273)</u>	<u>106,449</u>	<u>109,722</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,325,000	4,325,000	4,250,000	(75,000)
Transfers out	(4,267,652)	(4,267,652)	(4,273,261)	(5,609)
	<u>57,348</u>	<u>57,348</u>	<u>(23,261)</u>	<u>(80,609)</u>
Total other financing sources (uses)				
NET CHANGE IN FUND BALANCE	54,075	54,075	83,188	29,113
FUND BALANCE, Beginning of year	<u>13,564,688</u>	<u>13,564,688</u>	<u>13,564,688</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 13,618,763</u>	<u>\$ 13,618,763</u>	<u>\$ 13,647,876</u>	<u>\$ 29,113</u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION – BUDGETARY
INFORMATION
MARCH 31, 2017**

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

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

Instead, amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
GASB STATEMENT 45 REQUIRED SUPPLEMENTAL INFORMATION
Year Ended March 31, 2017

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)
7/1/2011	\$ 138,000	\$ 86,765,000	\$ 86,627,000	0%	\$ 15,220,940	569.1%
7/1/2013	\$ 1,608,647	\$ 150,096,684	\$ 148,488,037	1.07%	\$ 15,953,000	930.8%
7/1/2015	\$ 5,437,023	\$ 157,390,635	\$ 151,953,612	3.45%	\$ 15,279,000	994.5%

Schedule of Employer Contributions

Year ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
3/31/2015	\$ 12,779,644	\$ 3,967,507	31%
3/30/2016	\$ 13,769,228	\$ 10,081,020	73%
3/30/2017	\$ 13,769,228	\$ 10,081,020	73%

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

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

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF TOWNSHIP CONTRIBUTIONS
RELATED RATIOS - PENSION TRUST
March 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ 3,040,464	\$ 10,206,901	\$ 5,179,678	\$ 5,152,066	\$ 5,894,595	\$ 5,228,482	\$ 4,738,081
Contributions in relation to the actuarially determined contribution	-	-	-	80,300,000	10,206,901	5,179,678	5,152,066	5,894,595	5,228,482	4,738,081
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,259,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 11,627,527	\$ 13,118,137	\$ 13,711,213	\$ 14,159,863	\$ 14,862,788	\$ 15,338,979	\$ 15,522,940	\$ 15,562,765	\$ 16,136,224	\$ 15,858,763
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	567.10%	68.67%	33.77%	33.19%	37.88%	32.40%	29.88%

Notes to Schedule of Township Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date: March 31, 2017

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Changes in assumptions and differences between assumptions and actual experience are recognized over the average remaining years of employment of employees (active and inactive employees, including retirees) Differences between expected earnings on plan investments and actual investment earnings are recognized over a five year period Changes in benefit terms are recognized immediately
Asset valuation method	Fair value and contract value with a market value adjustment factor for the Guaranteed Deposit Account, which is considered the best representation of fair value.
Wage inflation	1%
Salary increases	3%
Investment rate of return	6.00%
Retirement age	Age 55 with 25 years of Service or Age 62
Mortality	RP-2014 Blue Collar Mortality Table with Scale MP-2014 and RP-2014 Total Data Set Mortality Table with Scale MP-2014 for Public Safety

OTHER SUPPLEMENTAL INFORMATION

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
March 31, 2017

	Nonmajor Special Revenue Funds								Nonmajor Debt Service Funds				Total
	Senior Services	Bloomfield Village Police	Bloomfield Village Fire	Lake Improvement	Building Department	Drug Law Enforcement	Safety Path	Cable Studio	Special Assessment Capital Projects	Campus Construction Debt Retirement	Library Debt Retirement	Drain at-Large	
ASSETS													
Cash and cash equivalents	\$ 81,460	\$ 551,161	\$ 275,553	\$ 182,907	\$ 83,376	\$ 215,446	\$ 3,039,219	\$ 156,946	\$ 152,315	\$ 1,514,537	\$ 1,696,254	\$ 832,870	\$ 8,782,044
Marketable securities	2,628,015	-	-	-	2,726,412	-	-	5,051,037	-	-	-	-	10,405,464
Receivables (net) - Other	633	-	-	-	20,165	-	-	154,107	-	-	-	160,000	334,905
Total assets	\$ 2,710,108	\$ 551,161	\$ 275,553	\$ 182,907	\$ 2,829,953	\$ 215,446	\$ 3,039,219	\$ 5,362,090	\$ 152,315	\$ 1,514,537	\$ 1,696,254	\$ 992,870	\$ 19,522,413
LIABILITIES - Accounts payable and accrued expenses													
	\$ 76,150	\$ 6,950	\$ 1,890	\$ 4,837	\$ 30,086	\$ 932	\$ 20,948	\$ 11,672	\$ -	\$ -	\$ -	\$ -	\$ 153,465
FUND BALANCES													
Restricted:													
Debt service	-	-	-	-	-	-	-	-	-	1,514,537	1,696,254	992,870	4,203,661
Roads and safety paths	-	-	-	-	-	-	3,018,271	-	152,315	-	-	-	3,170,586
Public safety	-	544,211	273,663	-	-	214,514	-	-	-	-	-	-	1,032,388
Community enrichment	-	-	-	178,070	-	-	-	-	-	-	-	-	178,070
Assigned:													
Community enrichment	2,633,958	-	-	-	-	-	-	5,350,418	-	-	-	-	7,984,376
Building inspection	-	-	-	-	2,799,867	-	-	-	-	-	-	-	2,799,867
Total fund balances	2,633,958	544,211	273,663	178,070	2,799,867	214,514	3,018,271	5,350,418	152,315	1,514,537	1,696,254	992,870	19,368,948
Total liabilities and fund balances	\$ 2,710,108	\$ 551,161	\$ 275,553	\$ 182,907	\$ 2,829,953	\$ 215,446	\$ 3,039,219	\$ 5,362,090	\$ 152,315	\$ 1,514,537	\$ 1,696,254	\$ 992,870	\$ 19,522,413

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
Year Ended March 31, 2017

	Nonmajor Special Revenue Funds								Nonmajor Debt Service Funds				
	Senior Services	Bloomfield Village Police	Bloomfield Village Fire	Lake Improvement	Building Department	Drug Law Enforcement	Safety Path	Cable Studio	Special Assessment Capital Projects	Campus Construction Debt Retirement	Library Debt Retirement	Drain at-Large	Total
REVENUES													
Taxes and assessments	\$ 827,717	\$ 421,720	\$ 120,098	\$ 316,488	\$ -	\$ -	\$ 1,642,722	\$ -	\$ 142,518	\$ 1,591,850	\$ 1,661,155	\$ 1,141,953	\$ 7,866,221
Grants	87,675	-	-	-	-	-	-	-	-	-	-	-	87,675
Charges for services	312,864	-	-	-	410	-	-	50,355	-	-	-	-	363,629
Licenses, permits and fees	-	-	-	-	1,799,704	-	-	813,226	-	-	-	-	2,612,930
Fines and forfeitures	-	-	-	519	-	30,990	-	-	-	-	-	-	31,509
Fees	375,858	-	-	-	-	-	-	-	-	-	-	-	375,858
Reimbursements	-	-	-	38,265	-	-	-	-	-	-	-	-	38,265
Miscellaneous	29,176	-	11,259	-	9,919	5,000	9,229	1,329	21,541	3,380	3,521	2,747	97,101
Total revenues	1,633,290	421,720	131,357	355,272	1,810,033	35,990	1,651,951	864,910	164,059	1,595,230	1,664,676	1,144,700	11,473,188
EXPENDITURES													
Operating:													
General government	-	-	-	-	1,290,358	-	-	-	-	-	-	-	1,290,358
Public works	-	-	-	-	-	-	121,226	-	905,528	-	-	-	1,026,754
Public safety	-	362,357	94,105	-	-	13,064	-	-	-	-	-	-	469,526
Community enrichment & development	1,573,968	-	-	367,636	-	-	-	989,865	-	-	-	-	2,931,469
Debt service	-	-	-	-	-	-	-	-	-	2,516	2,607	2,063	7,186
Capital outlay	32,852	-	-	-	102,120	-	1,397,374	-	-	-	-	-	1,532,346
Debt service:													
Principal retirement	-	-	-	-	-	-	-	-	-	600,000	1,380,000	817,966	2,797,966
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	974,975	280,050	72,383	1,327,408
Total expenditures	1,606,820	362,357	94,105	367,636	1,392,478	13,064	1,518,600	989,865	905,528	1,577,491	1,662,657	892,412	11,383,013
Revenues over (under) expenditures	26,470	59,363	37,252	(12,364)	417,555	22,926	133,351	(124,955)	(741,469)	17,739	2,019	252,288	90,175
OTHER FINANCING SOURCES (USES)													
Bond proceeds	-	-	-	-	-	-	-	-	605,000	-	-	-	605,000
Debt refunding use	-	-	-	-	-	-	-	-	-	21,928,958	-	-	21,928,958
Debt refunding source	-	-	-	-	-	-	-	-	-	(21,924,949)	-	-	(21,924,949)
Transfers out	(14,955)	(9,970)	-	-	(128,359)	-	(6,854)	(59,818)	-	-	-	-	(219,956)
Total other financing sources (uses)	(14,955)	(9,970)	-	-	(128,359)	-	(6,854)	(59,818)	605,000	4,009	-	-	389,053
Net change in fund balances	11,515	49,393	37,252	(12,364)	289,196	22,926	126,497	(184,773)	(136,469)	21,748	2,019	252,288	479,228
FUND BALANCES, Beginning of year	2,622,443	494,818	236,411	190,434	2,510,671	191,588	2,891,774	5,535,191	288,784	1,492,789	1,694,235	740,582	18,889,720
FUND BALANCES, End of year	\$ 2,633,958	\$ 544,211	\$ 273,663	\$ 178,070	\$ 2,799,867	\$ 214,514	\$ 3,018,271	\$ 5,350,418	\$ 152,315	\$ 1,514,537	\$ 1,696,254	\$ 992,870	\$ 19,368,948

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
March 31, 2017

	Pension and Other Employee Benefit Trust Funds			Agency Fund	
	Retiree Health Care Fund	Retirement System Pension Trust	401(a) Defined Contribution Plan	Total Pension and Other Employee Trust Funds	Escrow Fund
	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2017</u>		<u>March 31, 2017</u>
ASSETS					
Cash	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ 456,223
Investments:					
Mutual funds	6,784,949	57,729,031	5,175,061	69,689,041	-
Guaranteed deposit account fixed income fund	-	154,512,040	-	154,512,040	-
Total assets	<u>7,784,949</u>	<u>212,241,071</u>	<u>5,175,061</u>	<u>225,201,081</u>	<u>\$ 456,223</u>
LIABILITIES					
Accounts payable and withholdings	-	-	-	-	\$ 15,513
Deposits & other liabilities:					
Escrow deposits	-	-	-	-	220,119
Refundable deposits	-	-	-	-	163,825
Other	-	-	-	-	56,766
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 456,223</u>
NET POSITION - Held in trust for pension and other employee benefits	<u>\$ 7,784,949</u>	<u>\$ 212,241,071</u>	<u>\$ 5,175,061</u>	<u>\$ 225,201,081</u>	

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended March 31, 2017

	<u>Retiree Health Care Fund</u> Year Ended March 31, 2017	<u>Retirement System Pension Trust</u> Year Ended December 31, 2016	<u>401(a) Defined Contribution Plan</u> Year Ended March 31, 2017	<u>Total</u>
ADDITIONS				
Contributions:				
Employer	\$ 5,285,124	\$ -	\$ 718,720	\$ 6,003,844
Employee	-	332,569	138,009	470,578
Total contributions	<u>5,285,124</u>	<u>332,569</u>	<u>856,729</u>	<u>6,474,422</u>
Investment income:				
Net change in fair value of investments	180,244	4,531,322	446,389	5,157,955
Interest income	189,801	5,209,993	-	5,399,794
Dividend income	-	1,809,661	159,797	1,969,458
Total investment income	<u>370,045</u>	<u>11,550,976</u>	<u>606,186</u>	<u>12,527,207</u>
Total additions	<u>5,655,169</u>	<u>11,883,545</u>	<u>1,462,915</u>	<u>19,001,629</u>
DEDUCTIONS				
Distributions	4,099,856	10,159,586	47,876	14,307,318
Administrative fees	9,004	157,201	(6,833)	159,372
Total deductions	<u>4,108,860</u>	<u>10,316,787</u>	<u>41,043</u>	<u>14,466,690</u>
NET INCREASE IN PENSION HELD IN TRUST	1,546,309	1,566,758	1,421,872	4,534,939
NET POSITION HELD IN TRUST, Beginning of year	<u>6,238,640</u>	<u>210,674,313</u>	<u>3,753,189</u>	<u>220,666,142</u>
NET POSITION HELD IN TRUST, End of year	<u>\$ 7,784,949</u>	<u>\$ 212,241,071</u>	<u>\$ 5,175,061</u>	<u>\$ 225,201,081</u>

**STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE
CERTIFICATE**

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATISTICAL INFORMATION REQUIRED
FOR CONTINUING DISCLOSURE CERTIFICATE
March 31, 2017

Tax Levies and Collections

Year	Tax Levy	Collections to March 1 of the Following Year	
2016	\$ 47,099,065	\$ 45,317,158	96.22%
2015	\$ 46,460,678	\$ 45,144,624	97.16%
2014	\$ 44,995,239	\$ 43,610,066	96.92%
2013	\$ 42,329,811	\$ 40,828,439	96.45%
2012	\$ 41,264,728	\$ 39,754,293	96.34%
2011	\$ 41,694,060	\$ 40,098,080	96.17%
2010	\$ 44,116,202	\$ 42,167,507	95.58%
2009	\$ 44,505,638	\$ 42,147,621	94.70%
2008	\$ 45,382,069	\$ 42,433,483	93.50%
2007	\$ 44,913,928	\$ 42,327,344	94.24%

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATISTICAL INFORMATION REQUIRED
FOR CONTINUING DISCLOSURE CERTIFICATE
March 31, 2017

History of Property Valuations*

<u>Year</u>	<u>State Equalized Valuation</u>	<u>Taxable Value</u>
2016	\$ 4,497,242,280	\$ 3,470,928,740
2015	\$ 4,144,531,220	\$ 3,364,207,210
2014	\$ 3,710,998,170	\$ 3,233,497,150
2013	\$ 3,389,125,929	\$ 3,156,898,881
2012	\$ 3,243,551,639	\$ 3,079,769,930
2011	\$ 3,213,298,128	\$ 3,143,677,326
2010	\$ 3,466,680,805	\$ 3,388,280,525
2009	\$ 4,109,471,150	\$ 3,873,573,210
2008	\$ 4,492,697,926	\$ 3,948,607,046
2007	\$ 4,683,390,959	\$ 3,920,844,269

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

Michigan Property Tax and School Finance Reform

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATISTICAL INFORMATION REQUIRED
FOR CONTINUING DISCLOSURE CERTIFICATE
March 31, 2017

Tax Rate Limitations

The Township Charter provides tax rate limitations as follows:

Purpose	Rate (per \$1,000 of State) Equalized Valuation	Maximum Permitted Rate
General Operating	\$ 0.9751	\$ 0.9751

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

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

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

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

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

Labor Agreements

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

The duration of these agreements are as follows:

Employee Group	Number of Employees	Expiration Date of Contract
Firefighters	62	March 31, 2020
Police Employees (Command Officers)	13	March 31, 2020
Police Employees (Patrolmen)	51	March 31, 2020

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATISTICAL INFORMATION REQUIRED
FOR CONTINUING DISCLOSURE CERTIFICATE
March 31, 2017

General Fund – Fund Balance

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

<u>Fiscal Year Ending March 31,</u>	<u>Fund Balance</u>
2017	\$ 12,778,850
2016	\$ 12,504,251
2015	\$ 11,838,362
2014	\$ 11,640,178
2013	\$ 11,498,695
2012	\$ 10,968,077
2011	\$ 10,506,172
2010	\$ 8,056,659
2009	\$ 8,156,480
2008	\$ 7,822,356