
Charter Township of Oakland

**Financial Report
with Supplemental Information
March 31, 2018**

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Independent Auditor's Report

To the Township Board of Trustees
Charter Township of Oakland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Oakland (the "Township") as of and for the year ended March 31, 2018 and the related notes to the financial statements, which collectively comprise the Charter Township of Oakland'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 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 opinion.

Opinion

In our opinion, 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 Charter Township of Oakland as of March 31, 2018 and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Township Board of Trustees
Charter Township of Oakland

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedules 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, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter Township of Oakland's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates 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. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

July 24, 2018

Overview of the Financial Statements

The Charter Township of Oakland's (the "Township") 2018 annual report is presented in conformity with the requirements of GASB Statement No. 34. This annual report consists of four parts - management's discussion and analysis, the basic financial statements, required supplemental information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the Township. The first two statements are government-wide financial statements that provide both long- and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

Government-wide Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid (full accrual).

The two government-wide statements report the Township's net position and how it has changed. Net position, the difference between the Township's assets and liabilities, is one way to measure the Township's financial health.

The government-wide financial statements of the Township are divided into two categories:

- **Governmental Activities** - Most of the Township's basic services are included here, such as public safety, public works, and general administration. Property taxes, state-shared revenue, and charges for services provide most of the funding.
- **Business-type Activities** - The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer system and building inspection services are treated as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and bond covenants. The township board establishes other funds to control and manage money for particular purposes. The Township has three types of funds, as follows:

- **Governmental Funds** - Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.
- **Proprietary Funds** - Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information.
- **Fiduciary Funds** - The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of assets and liabilities. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Charter Township of Oakland

Management's Discussion and Analysis (Continued)

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. The Township has total net position of \$79.2 million, composed of \$43.2 million from governmental activities and \$36.0 million from business-type activities. The table below shows a condensed format comparison of the net position as of the current date to prior year.

Township's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 20,992,569	\$ 19,427,216	\$ 13,965,823	\$ 11,351,089	\$ 34,958,392	\$ 30,778,305
Capital assets	24,650,816	24,781,351	24,565,829	10,016,180	49,216,645	34,797,531
Total assets	45,643,385	44,208,567	38,531,652	21,367,269	84,175,037	65,575,836
Liabilities						
Current liabilities	875,564	621,060	396,802	297,412	1,272,366	918,472
Noncurrent liabilities	1,540,792	1,908,462	2,188,072	2,306,715	3,728,864	4,215,177
Total liabilities	2,416,356	2,529,522	2,584,874	2,604,127	5,001,230	5,133,649
Net Position						
Net investment in capital assets	23,370,816	23,116,351	22,966,437	7,895,439	46,337,253	31,011,790
Restricted	11,696,589	11,387,777	-	-	11,696,589	11,387,777
Unrestricted	8,159,624	7,174,917	12,980,341	10,867,703	21,139,965	18,042,620
Total net position	\$ 43,227,029	\$ 41,679,045	\$ 35,946,778	\$ 18,763,142	\$ 79,173,807	\$ 60,442,187

The Township experienced increases in the net position of the governmental activities and business-type activities as revenue exceeded expenses. Part of the significant increase in net position of the business-type activities relates to the Township acquiring the water system assets from Oakland County, Michigan (the "County") through a transfer of operations. The Township's financial statements now include all water system capital assets and water activity.

Charter Township of Oakland

Management's Discussion and Analysis (Continued)

Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue						
Program revenue:						
Charges for services	\$ 473,207	\$ 489,800	\$ 3,717,176	\$ 2,081,547	\$ 4,190,383	\$ 2,571,347
Operating grants	83,632	100,468	-	-	83,632	100,468
Capital grants	-	-	91,070	124,221	91,070	124,221
General revenue:						
Property taxes	7,500,571	7,350,035	-	-	7,500,571	7,350,035
Intergovernmental	1,472,070	1,380,777	-	-	1,472,070	1,380,777
Investment earnings	200,943	151,608	140,270	103,267	341,213	254,875
Other revenue	454,644	476,976	635,685	-	1,090,329	476,976
Total revenue	10,185,067	9,949,664	4,584,201	2,309,035	14,769,268	12,258,699
Expenses						
General government	1,369,386	1,376,130	-	-	1,369,386	1,376,130
Public safety	4,062,201	4,130,875	-	-	4,062,201	4,130,875
Public works	210,206	312,220	-	-	210,206	312,220
Community and economic development	213,884	263,769	-	-	213,884	263,769
Recreation and culture	2,727,799	2,892,598	-	-	2,727,799	2,892,598
Debt service	53,607	68,043	28,995	16,227	82,602	84,270
Operating expenses other than depreciation	-	-	2,863,531	1,796,880	2,863,531	1,796,880
Depreciation	-	-	844,926	285,515	844,926	285,515
Other nonoperating expenses	-	-	689,220	166,111	689,220	166,111
Total expenses	8,637,083	9,043,635	4,426,672	2,264,733	13,063,755	11,308,368
Special Item	-	-	17,026,107	-	17,026,107	-
Change in Net Position	\$ 1,547,984	\$ 906,029	\$ 17,183,636	\$ 44,302	\$ 18,731,620	\$ 950,331

Revenue for governmental activities totaled \$10.2 million in 2018. A total of \$7.5 million, or approximately 74 percent, of all revenue received by the Township was in the form of property tax collections. Property taxes as a whole increased 2 percent in 2018 due to an increase in taxable values. The General Fund operating millage decreased 0.0068 mills from the prior year.

While governmental activities revenue increased by approximately \$240,000, expenses decreased by approximately \$410,000. The decrease in public works expenditures is primarily due to a decrease in depreciation expense and road matching funds in special assessment districts from the previous year. The decrease in recreation and culture expenditures is primarily due to the prior year including a \$600,000 depreciation adjustment that was not reflected in the current year.

Change in net position for the business-type activities increased by approximately \$17.1 million from the prior year, mostly attributable to the capital contribution involved as part of the Township taking over the water system from the County.

Financial Analysis of Township Funds and Budgets

The General Fund ended 2018 with a total fund balance of \$8.5 million, representing an increase of approximately \$1.0 million from the previous year, with \$7.2 million being in unassigned fund balance. Total General Fund revenue exceeded the amended budget by approximately \$207,000, or 7.77 percent. This increase is mainly due to increased state-shared revenue and investment income. Total expenditures before transfers were under the amended budget by approximately \$614,000, or 24.2 percent. A number of public works and other capital expenditures were not started or completed at fiscal year end, contributing to favorable budget variances of approximately \$277,000 and \$122,000, respectively. Many of these items were subsequently reappropriated in the fiscal year 2019 budget.

Charter Township of Oakland

Management's Discussion and Analysis (Continued)

Besides the General Fund, the Township reports budgetary comparison schedules for each of its other major special revenue funds, those being the Fire Fund, Police Fund, and Parks Fund. Both the Fire and Police funds were in line with their amended budgets. Similar to the General Fund, the Parks Fund reported a favorable budget variance of approximately \$497,000 primarily due to capital items not being started or completed by the conclusion of the fiscal year.

In addition to the information on pages 11 and 12, the table below is included to show an expected use of cash for various funds over the coming months. This analysis is for supplemental purposes to assist the reader to understand the cash flows of these funds, but in no way changes the information in the financial statements that follow. Property tax revenue is collected during the months of December through March of the current fiscal year. Prudent cash management requires that at the end of any fiscal year, the equivalent of eight months of property tax revenue be available for subsequent year expenditures until tax collections resume again in December. Below is a presentation of available unassigned (in the General Fund) or restricted (all other funds) fund balance after the tax revenue expected to be spent through the next eight months and any amounts budgeted to be spent in fiscal year 2019. Once next year's tax collections are completed in March 2019, the cash in each fund will be replenished, and it is expected that each fund will end the year with the ending fund balance budgeted for the year.

	General Fund	Fire Fund	Police Fund	Parks Fund	Trails Improvement	Land Preservation	Historic District Commission
Unassigned/restricted fund balance	\$ 7,160,119	\$ 1,183,980	\$ 3,025,274	\$ 1,804,059	\$ 2,062,265	\$ 1,949,615	\$ 512,633
Tax revenue for next eight months	(450,695)	(836,032)	(1,475,245)	(627,018)	(145,809)	(578,068)	(97,615)
Budgeted use of fund balance in subsequent year	-	(175,600)	(28,350)	(344,600)	(516,700)	(944,450)	(29,050)
Fund balance in excess of tax revenue for the next eight months and budgeted use	\$ 6,709,424	\$ 172,348	\$ 1,521,679	\$ 832,441	\$ 1,399,756	\$ 427,097	\$ 385,968

Capital Assets and Debt Administration

At the end of 2018, the Township's governmental activities had approximately \$24.7 million of capital assets, net of depreciation, invested in buildings, land improvements, information technology, equipment, and vehicles. The governmental activities reported approximately \$681,000 of additions for the year. Major acquisitions were for building and land improvements to Marshview Park and township buildings. The business-type activities reported approximately \$24.6 million of capital assets, net of depreciation, primarily invested in infrastructure assets. The business-type activities report approximately \$15.4 million of additions for the year, almost exclusively due to the water system transfer of ownership.

General obligation debt of \$1,280,000 is recorded as a liability on the governmental activities statement of net position. Debt relating to the Oakland-Macomb Interceptor Drainage sewer system totaling \$2.2 million is recorded as a liability on the business-type activities statement of net position.

For more information on capital assets and debt, please see Notes 3 and 5, respectively.

Current Economic Events

The Township realized a \$58 million, or 4.7 percent, increase in taxable values in fiscal year 2018 as compared to the previous year. For fiscal year 2019, taxable values have increased another \$69 million, or 5.3 percent. Accelerating property values, along with new housing starts, continue to provide the Township with a steady stream of revenue. With a healthy General Fund balance, minimal debt, and no legacy costs, the Township is in an excellent economic position to: (1) maintain and improve services to its residents; (2) assess and meet its capital needs going forward; and (3) provide appropriate staffing levels within its departments. In recent years, these conditions have allowed the Township to lower its operating millage within the General Fund budget.

Aside from services provided through the General Fund millage, the Township, through additional voter-approved millages, provides fire, police, senior citizen, safety path, trail system, parks, land preservation, library, and historic district preservation services and activities. The Township is the premier location in southeast Michigan to live and enjoy the open spaces provided by our user-friendly park system. Building on the long tradition of conservative money management, the Township retains significant fund balances in all of our operating accounts. These fund balances allow us to maintain quality services, even during economic downturns. The fund balances also allow us to meet major capital needs without the need to incur debt. The current fiscal year (2018/2019) will see continued attention to our unpaved road system. High on the agenda for resolution this fiscal year is plan development for our water and sewer systems.

Requests for Further Information

This financial report is intended to provide a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

Charter Township of Oakland

Statement of Net Position

March 31, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 2)	\$ 20,153,559	\$ 12,499,534	\$ 32,653,093
Receivables:			
Property taxes receivable	210,263	-	210,263
Receivables from sales to customers on account	-	817,879	817,879
Accrued interest receivable	63,150	73,249	136,399
Other receivables	143,374	2,632	146,006
Due from other governmental units	368,200	2,554	370,754
Prepaid expenses and other assets	54,023	4,712	58,735
Restricted assets (Note 1)	-	565,263	565,263
Capital assets: (Note 3)			
Assets not subject to depreciation	17,664,085	99,793	17,763,878
Assets subject to depreciation - Net	6,986,731	24,466,036	31,452,767
Total assets	45,643,385	38,531,652	84,175,037
Liabilities			
Accounts payable	522,067	130,663	652,730
Due to other governmental units	22,092	47,921	70,013
Refundable deposits, bonds, etc.	37,755	175,650	213,405
Accrued liabilities and other	293,650	42,568	336,218
Noncurrent liabilities: (Note 5)			
Due within one year	495,329	131,477	626,806
Due in more than one year	1,045,463	2,056,595	3,102,058
Total liabilities	2,416,356	2,584,874	5,001,230
Net Position			
Net investment in capital assets	23,370,816	22,966,437	46,337,253
Restricted:			
Lake assessments	59,756	-	59,756
Police	3,025,339	-	3,025,339
Fire	1,202,835	-	1,202,835
Cable	108,762	-	108,762
Parks	1,809,539	-	1,809,539
Trails	2,062,272	-	2,062,272
Historic District Commission	513,758	-	513,758
Library	962,660	-	962,660
Land preservation	1,951,668	-	1,951,668
Unrestricted	8,159,624	12,980,341	21,139,965
Total net position	<u>\$ 43,227,029</u>	<u>\$ 35,946,778</u>	<u>\$ 79,173,807</u>

Charter Township of Oakland

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,369,386	\$ 140,445	\$ -	\$ -
Public safety	4,062,201	218,148	13,161	-
Public works	210,206	-	45,266	-
Community and economic development	213,884	-	3,521	-
Recreation and culture	2,727,799	114,614	21,684	-
Interest on long-term debt	53,607	-	-	-
Total governmental activities	8,637,083	473,207	83,632	-
Business-type activities:				
Sewer Fund	1,677,118	1,647,609	-	91,070
Water Fund	2,015,407	1,290,177	-	-
Building	734,147	779,390	-	-
Total business-type activities	4,426,672	3,717,176	-	91,070
Total primary government	\$ 13,063,755	\$ 4,190,383	\$ 83,632	\$ 91,070

General revenue:
 Property taxes
 State-shared revenue
 Investment income
 Cable franchise fees
 Gain on sale of capital assets
 Other miscellaneous income

Total general revenue

Special Item (Note 9)

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

Statement of Activities

Year Ended March 31, 2018

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,228,941)	\$ -	\$ (1,228,941)
(3,830,892)	-	(3,830,892)
(164,940)	-	(164,940)
(210,363)	-	(210,363)
(2,591,501)	-	(2,591,501)
(53,607)	-	(53,607)
(8,080,244)	-	(8,080,244)
-	61,561	61,561
-	(725,230)	(725,230)
-	45,243	45,243
-	(618,426)	(618,426)
(8,080,244)	(618,426)	(8,698,670)
7,500,571	-	7,500,571
1,472,070	-	1,472,070
200,943	140,270	341,213
381,008	-	381,008
26,500	7,755	34,255
47,136	627,930	675,066
9,628,228	775,955	10,404,183
-	17,026,107	17,026,107
1,547,984	17,183,636	18,731,620
41,679,045	18,763,142	60,442,187
\$ 43,227,029	\$ 35,946,778	\$ 79,173,807

Charter Township of Oakland

	General Fund	Fire Fund	Police Fund	Parks Fund
Assets				
Cash and investments (Note 2)	\$ 8,439,825	\$ 1,086,959	\$ 3,318,517	\$ 1,843,096
Receivables:				
Property taxes receivable	26,846	33,704	59,474	25,278
Accrued interest receivable	37,185	-	4,962	9,691
Other receivables	106,221	35,244	-	1,366
Due from other governmental units	368,200	-	-	-
Due from other funds	-	135,953	-	-
Prepaid expenses and other assets	26,438	18,855	65	5,480
Total assets	\$ 9,004,715	\$ 1,310,715	\$ 3,383,018	\$ 1,884,911
Liabilities				
Accounts payable	\$ 43,802	\$ 42,242	\$ 357,336	\$ 47,255
Due to other governmental units	8,869	-	-	-
Due to other funds	135,953	-	-	-
Refundable deposits, bonds, etc.	36,505	-	-	1,250
Accrued liabilities and other	173,585	65,638	343	26,867
Total liabilities	398,714	107,880	357,679	75,372
Deferred Inflows of Resources - Unavailable revenue	111,875	-	-	-
Fund Balances				
Nonspendable - Prepaid expenses	26,438	18,855	65	5,480
Restricted:				
Lake assessments	59,756	-	-	-
Police	-	-	3,025,274	-
Fire	-	1,183,980	-	-
Cable	108,762	-	-	-
Parks	-	-	-	1,804,059
Trails	-	-	-	-
Historic District Commission	-	-	-	-
Library	-	-	-	-
Land preservation	-	-	-	-
Assigned:				
Subsequent year's budget	766,450	-	-	-
Roads	169,000	-	-	-
Beautification	22,492	-	-	-
Bike path	181,109	-	-	-
Unassigned	7,160,119	-	-	-
Total fund balances	8,494,126	1,202,835	3,025,339	1,809,539
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,004,715	\$ 1,310,715	\$ 3,383,018	\$ 1,884,911

Governmental Funds
Balance Sheet

March 31, 2018

Nonmajor Funds	Total Governmental Funds
\$ 5,465,162	\$ 20,153,559
64,961	210,263
11,312	63,150
543	143,374
-	368,200
-	135,953
3,185	54,023
\$ 5,545,163	\$ 21,128,522
\$ 31,432	\$ 522,067
13,223	22,092
-	135,953
-	37,755
10,150	276,583
54,805	994,450
-	111,875
3,185	54,023
-	59,756
-	3,025,274
-	1,183,980
-	108,762
-	1,804,059
2,062,265	2,062,265
512,633	512,633
962,660	962,660
1,949,615	1,949,615
-	766,450
-	169,000
-	22,492
-	181,109
-	7,160,119
5,490,358	20,022,197
\$ 5,545,163	\$ 21,128,522

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

March 31, 2018

Fund Balances Reported in Governmental Funds	\$ 20,022,197
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 are not reported in the funds	24,650,816
Certain receivables were earned during the current fiscal year, but are not available to pay for current year expenditures	111,875
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(1,280,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(17,067)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities - Employee compensated absences	<u>(260,792)</u>
Net Position of Governmental Activities	<u><u>\$ 43,227,029</u></u>

Charter Township of Oakland

	General Fund	Fire Fund	Police Fund	Parks Fund
Revenue				
Property taxes	\$ 676,042	\$ 1,254,048	\$ 2,212,868	\$ 940,527
Special assessments	45,266	-	-	-
Intergovernmental:				
Federal grants	3,521	-	-	-
State sources	1,465,601	2,952	5,209	4,681
Charges for services	260,247	226,148	-	85,873
Fines and forfeitures	62,147	-	-	-
Licenses and permits:				
Cable franchise fees	381,008	-	-	-
Other licenses and permits	3,051	-	-	-
Interest and rentals:				
Investment earnings	89,193	10,034	32,544	19,138
Rental income	25,600	-	-	-
Other revenue	45,372	5,000	-	1,047
Total revenue	3,057,048	1,498,182	2,250,621	1,051,266
Expenditures				
Current services:				
General government	1,142,746	-	-	-
Public safety	-	1,555,477	2,262,917	-
Public works	210,206	-	-	-
Other functions - Fringe benefits, insurance, and bonds	206,628	-	-	-
Community and economic development	213,884	-	-	-
Recreation and culture	-	-	-	864,919
Capital outlay	146,585	135,953	38,669	175,746
Debt service	-	-	-	-
Total expenditures	1,920,049	1,691,430	2,301,586	1,040,665
Excess of Revenue Over (Under) Expenditures	1,136,999	(193,248)	(50,965)	10,601
Other Financing Sources (Uses)				
Transfers in (Note 4)	-	135,953	-	-
Transfers out (Note 4)	(135,953)	-	-	(71,313)
Sale of capital assets	-	-	-	16,500
Total other financing (uses) sources	(135,953)	135,953	-	(54,813)
Net Change in Fund Balances	1,001,046	(57,295)	(50,965)	(44,212)
Fund Balances - Beginning of year	7,493,080	1,260,130	3,076,304	1,853,751
Fund Balances - End of year	\$ 8,494,126	\$ 1,202,835	\$ 3,025,339	\$ 1,809,539

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended March 31, 2018

Nonmajor Funds	Total Governmental Funds
\$ 2,417,086	\$ 7,500,571
-	45,266
4,500	8,021
12,503	1,490,946
-	572,268
-	62,147
-	381,008
-	3,051
50,034	200,943
3,141	28,741
717	52,136
2,487,981	10,345,098
-	1,142,746
-	3,818,394
-	210,206
-	206,628
-	213,884
1,590,467	2,455,386
84,414	581,367
443,419	443,419
2,118,300	9,072,030
369,681	1,273,068
443,419	579,372
(372,106)	(579,372)
10,000	26,500
81,313	26,500
450,994	1,299,568
5,039,364	18,722,629
\$ 5,490,358	\$ 20,022,197

Charter Township of Oakland

Governmental Funds

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended March 31, 2018

Net Change in Fund Balance Reported in Governmental Funds	\$ 1,299,568
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, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(811,399)
Capital outlay	680,864
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	6,469
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	385,000
Interest expense is recognized in the government-wide statements as it accrues	4,812
Some employee costs (compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(17,330)
Change in Net Position of Governmental Activities	<u><u>\$ 1,547,984</u></u>

Charter Township of Oakland

Proprietary Funds Statement of Net Position

March 31, 2018

	Enterprise Funds			
	Sewer Fund	Water Fund	Building	Total
Assets				
Current assets:				
Cash and investments (Note 2)	\$ 7,444,989	\$ 2,375,563	\$ 2,678,982	\$ 12,499,534
Receivables:				
Receivables from sales to customers on account	316,199	501,680	-	817,879
Accrued interest receivable	55,459	-	17,790	73,249
Other receivables	85	-	2,547	2,632
Due from other governmental units	2,554	-	-	2,554
Prepaid expenses and other assets	-	-	4,712	4,712
Total current assets	7,819,286	2,877,243	2,704,031	13,400,560
Noncurrent assets:				
Restricted assets (Note 1)	565,263	-	-	565,263
Capital assets: (Note 3)				
Assets not subject to depreciation	99,793	-	-	99,793
Assets subject to depreciation - Net	8,985,726	15,414,680	65,630	24,466,036
Total noncurrent assets	9,650,782	15,414,680	65,630	25,131,092
Total assets	17,470,068	18,291,923	2,769,661	38,531,652
Liabilities				
Current liabilities:				
Accounts payable	5,200	110,062	15,401	130,663
Due to other governmental units	47,921	-	-	47,921
Refundable deposits, bonds, etc.	-	-	175,650	175,650
Accrued liabilities and other	26,382	-	16,186	42,568
Compensated absences	-	-	14,475	14,475
Current portion of long-term debt (Note 5)	117,002	-	-	117,002
Total current liabilities	196,505	110,062	221,712	528,279
Noncurrent liabilities:				
Compensated absences	-	-	8,942	8,942
Long-term debt (Note 5)	2,047,653	-	-	2,047,653
Total noncurrent liabilities	2,047,653	-	8,942	2,056,595
Total liabilities	2,244,158	110,062	230,654	2,584,874
Net Position				
Net investment in capital assets	7,486,127	15,414,680	65,630	22,966,437
Unrestricted	7,739,783	2,767,181	2,473,377	12,980,341
Total net position	\$ 15,225,910	\$ 18,181,861	\$ 2,539,007	\$ 35,946,778

Charter Township of Oakland

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position

Year Ended March 31, 2018

	Enterprise Funds			
	Sewer Fund	Water Fund	Building	Total
Operating Revenue				
Sale of water	\$ -	\$ 1,290,177	\$ -	\$ 1,290,177
Sewage disposal charges	1,364,366	-	-	1,364,366
Permit revenue	-	-	778,628	778,628
Other operating revenue	63,010	-	762	63,772
Total operating revenue	1,427,376	1,290,177	779,390	3,496,943
Operating Expenses				
Cost of water	-	782,603	-	782,603
Cost of sewage treatment	944,170	-	-	944,170
Other operation and maintenance	51,541	-	-	51,541
Billing and administrative costs	70,302	111,707	-	182,009
Other operating expense	111,890	79,902	-	191,792
Building inspections and related activity	-	-	711,416	711,416
Depreciation	286,484	535,711	22,731	844,926
Total operating expenses	1,464,387	1,509,923	734,147	3,708,457
Operating (Loss) Income	(37,011)	(219,746)	45,243	(211,514)
Nonoperating Revenue (Expense)				
Investment income	85,772	22,703	31,795	140,270
Interest expense	(28,995)	-	-	(28,995)
Other nonoperating expenses	(183,736)	(505,484)	-	(689,220)
Gain on sale of assets	-	-	7,755	7,755
Debt service charges and other	220,233	-	-	220,233
Other nonoperating revenue	-	627,930	-	627,930
Total nonoperating revenue	93,274	145,149	39,550	277,973
Income (Loss) - Before capital contributions and special item	56,263	(74,597)	84,793	66,459
Capital Contributions	91,070	-	-	91,070
Special Item (Note 9)	-	17,026,107	-	17,026,107
Change in Net Position	147,333	16,951,510	84,793	17,183,636
Net Position - Beginning of year	15,078,577	1,230,351	2,454,214	18,763,142
Net Position - End of year	<u>\$ 15,225,910</u>	<u>\$ 18,181,861</u>	<u>\$ 2,539,007</u>	<u>\$ 35,946,778</u>

Charter Township of Oakland

Proprietary Funds Statement of Cash Flows

Year Ended March 31, 2018

	Enterprise Funds			
	Sewer Fund	Water Fund	Building	Total
Cash Flows from Operating Activities				
Receipts from customers	\$ 1,381,157	\$ 788,497	\$ 780,049	\$ 2,949,703
Payments to suppliers	(1,177,222)	(866,250)	(450,829)	(2,494,301)
Payments to employees	-	-	(274,690)	(274,690)
Special item - Acquisition of operating assets held at the County	-	1,830,270	-	1,830,270
Net cash provided by operating activities	203,935	1,752,517	54,530	2,010,982
Cash Flows from Noncapital Financing Activities - Nonoperating items charged by the County	7,502	(505,484)	-	(497,982)
Cash Flows from Capital and Related Financing Activities				
Receipt of capital charges	88,515	627,930	-	716,445
Proceeds from sale of capital assets	-	-	7,755	7,755
Purchase of capital assets	(547,185)	-	(55,956)	(603,141)
Principal and interest paid on capital debt	(115,711)	-	-	(115,711)
Net cash (used in) provided by capital and related financing activities	(574,381)	627,930	(48,201)	5,348
Cash Flows from Investing Activities				
Interest received on investments	85,017	22,703	32,954	140,674
Purchase of investment securities	(212,963)	(4,099)	(11,017)	(228,079)
Net cash (used in) provided by investing activities	(127,946)	18,604	21,937	(87,405)
Net (Decrease) Increase in Cash and Cash Equivalents	(490,890)	1,893,567	28,266	1,430,943
Cash and Cash Equivalents - Beginning of year	6,355,030	45,348	1,477,198	7,877,576
Cash and Cash Equivalents - End of year	\$ 5,864,140	\$ 1,938,915	\$ 1,505,464	\$ 9,308,519
Classification of Cash and Cash Equivalents				
Cash and investments	\$ 7,444,989	\$ 2,375,563	\$ 2,678,982	\$ 12,499,534
Less amounts classified as investments	(1,580,849)	(436,648)	(1,173,518)	(3,191,015)
Total cash and cash equivalents	\$ 5,864,140	\$ 1,938,915	\$ 1,505,464	\$ 9,308,519

Charter Township of Oakland

**Proprietary Funds
Statement of Cash Flows (Continued)**

Year Ended March 31, 2018

	Enterprise Funds			
	Sewer Fund	Water Fund	Building	Total
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities				
Operating (loss) income	\$ (37,011)	\$ (219,746)	\$ 45,243	\$ (211,514)
Adjustments to reconcile operating (loss) income to net cash from operating activities:				
Depreciation	286,484	535,711	22,731	844,926
Special item - Acquisition of operating assets held at the County	-	1,830,270	-	1,830,270
Changes in assets and liabilities:				
Receivables	(46,219)	(501,680)	659	(547,240)
Prepaid and other assets	-	-	(1,918)	(1,918)
Compensated absences	-	-	(408)	(408)
Accounts payable and other accrued liabilities	681	107,962	(11,777)	96,866
Net cash provided by (used in) operating activities	<u>\$ 203,935</u>	<u>\$ 1,752,517</u>	<u>\$ 54,530</u>	<u>\$ 2,010,982</u>

Noncash Capital and Related Financing Activities - During the year ended March 31, 2018, Oakland County, Michigan constructed approximately \$143,000 of sewer lines for the Oakland-Macomb Interceptor project, for which the Township incurred long-term debt and reduced restricted assets held at the County. Through an agreement with the County, the Township took control of \$15.2 million of water system capital assets.

Charter Township of Oakland

**Fiduciary Funds
Statement of Fiduciary Assets and Liabilities**

March 31, 2018

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 122,173
Investments	<u>302,193</u>
Total assets	<u>\$ 424,366</u>
Liabilities	
Accounts payable	\$ 18,690
Refundable deposits, bonds, etc.	403,913
Accrued liabilities and other	<u>1,763</u>
Total liabilities	<u>\$ 424,366</u>

March 31, 2018

Note 1 - Significant Accounting Policies

The following is a summary of the significant accounting policies used by the Charter Township of Oakland (the "Township"):

Reporting Entity

The Charter Township of Oakland is governed by an elected seven-member township board of trustees. The accompanying financial statements present the financial operations of the Township. There are no component units that should be included in the Township's financial statements.

Jointly Governed Organizations

The Paint Creek Trailways Commission (the "Commission"), a joint venture agreement, effective on December 23, 1981, was entered into by the Charter Township of Oakland; the Charter Township of Orion; the City of Rochester Hills, Michigan; and the City of Rochester, Michigan for the purpose of establishing and providing for the powers and duties of the Paint Creek Trailways Commission, pursuant to the Urban Cooperation Act (P.A. 7 of 1967). The Commission is a separate legal entity for the purpose of owning, exercising right of dominion over, developing, providing, maintaining, and operating certain nonmotorized public trails for recreational use within the jurisdictions of member governmental units. The Township appoints two commissioners to the governing board, which is responsible for approving the annual budget. Pursuant to the agreement, each member shall be responsible for an equal share of the Commission's budget. For the fiscal year ended March 31, 2018, the Charter Township of Oakland provided \$26,076 to the Commission. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Paint Creek Trailways Commission is not considered a part of the reporting entity of the Charter Township of Oakland. Separate financial statements of the joint venture may be obtained at Paint Creek Trailways Commission, 4393 Collins Road, Rochester, Michigan 48306.

The Older Persons' Commission, an interlocal agreement, effective on March 28, 1985 and amended on August 28, 1995, was entered into by the Charter Township of Oakland; the City of Rochester Hills, Michigan; and the City of Rochester, Michigan for the purpose of establishing an older persons' commission pursuant to the Urban Cooperation Act (P.A. 7 of 1967). The Older Persons' Commission is a separate legal entity for the purpose of providing activities and services for older persons, defined as those individuals 50 years of age or older residing in the governmental units, which are parties to the agreement. The activities and services to be provided include, but are not limited to, the joint ownership and operation of an older persons' activity center and transportation. The Township appoints one member to the Older Persons' Commission. Pursuant to the agreement, each member shall be responsible for its pro rata share of the budget based upon its assessed valuation of the property. During the fiscal year ended March 31, 2018, the Charter Township of Oakland provided \$408,191 to the Older Persons' Commission. The Older Persons' Commission is not considered a part of the reporting entity of the Charter Township of Oakland. Separate financial statements of the Older Persons' Commission may be obtained at Older Persons' Commission, 650 Letica Drive, Rochester, Michigan 48307.

Accounting and Reporting Principles

The Township follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Township.

Note 1 - Significant Accounting Policies (Continued)

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the Township's water and sewer function and various other functions of Township. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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, if any, are reported as separate columns in the fund financial statements.

Fund Accounting

The Township accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the Township to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The Township reports the following funds as "major" governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Fire Fund accounts for all revenue and expenditures for the Township's fire operations, including millage collection.
- The Police Fund accounts for the Township's police protection contracted with Oakland County, Michigan. The protection is funded through a special millage.
- The Parks Fund accounts for all revenue and expenditures for the Township's public parks. The activities are funded through a millage collection.

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the Township). The Township reports the following funds as "major" enterprise funds:

- The Sewer Fund provides disposals of sanitary sewage in exchange for quarterly user charges.
- The Water Fund provides water to customers in exchange for quarterly user charges.
- The Building Fund accounts for all revenue and expenditures related to building permits and inspections. The activities are funded through fees collected for the inspections.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Interfund Activity

During the course of operations, the Township has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Township has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, grant revenue, and interest associated with the current fiscal period. Conversely, a portion of state-shared revenue will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow."

Note 1 - Significant Accounting Policies (Continued)

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments

Investments are reported at fair value. Pooled investment income is generally allocated to each fund using a weighted average.

Restricted Assets

Unspent bond proceeds held at Oakland County, Michigan for future construction are classified as restricted assets in the Sewer Fund.

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

During the current year, \$24,718 of interest expense was capitalized as part of the cost of assets under construction.

Infrastructure, intangibles, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

<u>Capital Asset Class</u>	<u>Depreciable Life - Years</u>
Infrastructure	10-50
Sewer lines	40-50
Buildings and improvements	15-39
Machinery and equipment	5-15
Land improvements	7
Intangible assets	30

Note 1 - Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The Parks and Land Preservation funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position 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(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position 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(s) and will not be recognized as an inflow of resources (revenue) until that time. The Township has one item, which arises only under a modified-accrual basis of accounting, that qualifies for reporting in deferred inflows. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from state-shared revenue and miscellaneous revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

The Township will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The Township will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. 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, except for transfers in for specific purposes, which are considered to be spent first if spent on the intended purpose. Furthermore, 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 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).

Note 1 - Significant Accounting Policies (Continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Township's 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 (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The Township board may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated 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 an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Property Tax Revenue

Property taxes are levied on each December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2017 property tax revenue was levied and collectible on December 31, 2017 and is recognized as revenue in the year ended March 31, 2018 when the proceeds of the levy are budgeted and available for the financing of operations.

The Township annually sells its delinquent real property taxes to Oakland County, Michigan (the "County"), which then becomes responsible for collecting the taxes and taking any uncollected tax parcels through the tax reversion process. The County purchases these taxes at 100 percent of face value, and in return, the County is allowed to retain all interest and penalties it collects. The estimated present value of future delinquent collections to the Township is less than the face value that has been received because of the time value of money; however, the net present value to the County is greater than this amount because of the statutory provision that allows the County to retain all penalties and interest. During the current year, the Township received \$201,336 from this sale. At the end of the tax reversion process (approximately three years), the County charges the Township back for any uncollected taxes. Historically, this amount has not been significant.

The 2017 taxable valuation of the Township totaled \$1.30 billion. Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	0.5184 \$	675,757
Library	0.5971	778,351
Parks	0.7212	940,129
Fire	0.9616	1,253,517
Police	1.6968	2,211,932
Land acquisition	0.6649	866,735
Older persons	0.2250	293,277
OPC transportation	0.0864	112,596
Trail system	0.1677	218,580
Historic district	0.1123	146,360

Note 1 - Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave)

It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the Township will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligation.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of the Water, Sewer, and Building Funds is charges to customers for sales and services. The Water and Sewer Funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. The other nonoperating revenue and expenses are incurred at the County and reported to the Township as the County administers the activity in the water and sewer funds on behalf of the Township.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending March 31, 2020.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement establishes criteria to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending March 31, 2020.

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township has designated 14 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority, as listed above. The Township's deposits and investments are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$7,530,076 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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. The Township's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

At year end, the Township had the following investments:

Investment	Fair Value	Weighted- average Maturity (Years)
Primary Government		
Michigan CLASS investment pool	\$ 7,689,728	0.19
Government Investment Pool	8,571,938	1.08

Note 2 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of March 31, 2018, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Michigan CLASS investment pool	\$ 7,689,728	AAAam	S&P
Local Government Investment Pool	8,571,938	Not rated	N/A

Concentration of Credit Risk

The Township places no limit on the amount it may invest in any one issuer. Approximately 26 and 29 percent of the Township's cash and investments are in the Michigan CLASS investment pool and the Oakland County Local Government Investment Pool (the "LGIP"), respectively. The LGIP is not registered with the SEC and does not issue a separate report. The fair value position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost.

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 inputs 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.

The Township has the following recurring fair value measurements as of March 31, 2018:

The Township's investments in the Oakland County LGIP (\$8,571,938) and Michigan CLASS (\$7,689,728) are measured at net asset value (NAV).

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented on the table below.

Investments in Entities that Calculate Net Asset Value per Share

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

Note 2 - Deposits and Investments (Continued)

At March 31, 2018, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Oakland County Local Government Investment Pool	\$ 8,571,938	\$ -	No restrictions	None
Michigan CLASS investment pool	7,689,728	-	No restrictions	None
Total investments measured at NAV	<u>\$ 16,261,666</u>	<u>\$ -</u>		

The Oakland County LGIP invests assets in a manner which will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants.

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

March 31, 2018

Note 3 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

Governmental Activities

	Balance April 1, 2017	Reclassifications	Additions	Disposals and Adjustments	Balance March 31, 2018
Capital assets not being depreciated:					
Land	\$ 17,543,795	\$ -	\$ -	\$ -	\$ 17,543,795
Construction in progress	176,159	(190,333)	134,464	-	120,290
Subtotal	17,719,954	(190,333)	134,464	-	17,664,085
Capital assets being depreciated:					
Infrastructure	2,031,525	-	-	-	2,031,525
Buildings and improvements	10,704,155	20,508	172,336	(376)	10,896,623
Machinery and equipment	870,990	-	94,305	(100,092)	865,203
Vehicles	2,833,012	-	127,704	(71,677)	2,889,039
Office furnishings	496,358	-	7,813	(21,098)	483,073
Information technology	210,166	-	7,551	(2,752)	214,965
Land improvements	2,728,067	169,825	136,691	-	3,034,583
Subtotal	19,874,273	190,333	546,400	(195,995)	20,415,011
Accumulated depreciation:					
Roads and sidewalks	2,031,525	-	-	-	2,031,525
Buildings and improvements	4,963,696	-	385,860	(376)	5,349,180
Machinery and equipment	660,606	-	63,332	(100,092)	623,846
Vehicles	2,479,094	-	138,630	(71,677)	2,546,047
Office furnishings	466,613	-	7,385	(21,098)	452,900
Information technology	159,534	-	28,541	(2,752)	185,323
Land improvements	2,051,808	-	187,651	-	2,239,459
Subtotal	12,812,876	-	811,399	(195,995)	13,428,280
Net capital assets being depreciated	7,061,397	190,333	(264,999)	-	6,986,731
Net governmental activities capital assets	<u>\$ 24,781,351</u>	<u>\$ -</u>	<u>\$ (130,535)</u>	<u>\$ -</u>	<u>\$ 24,650,816</u>

March 31, 2018

Note 3 - Capital Assets (Continued)

Business-type Activities

	Balance April 1, 2017	Reclassifications	Additions	Disposals and Adjustments	Balance March 31, 2018
Capital assets not being depreciated - Construction in progress	\$ 1,911,964	\$ (1,954,953)	\$ 142,782	\$ -	\$ 99,793
Capital assets being depreciated:					
Sewer system	12,099,984	1,954,953	-	-	14,054,937
Water system	1,036,189	-	15,195,837	-	16,232,026
Buildings and improvements	6,775	-	-	-	6,775
Machinery and equipment	26,628	-	-	-	26,628
Vehicles	35,728	-	53,458	(43,934)	45,252
Information technology	2,423	-	2,498	-	4,921
Subtotal	13,207,727	1,954,953	15,251,793	(43,934)	30,370,539
Accumulated depreciation:					
Sewer system	4,782,727	-	286,484	-	5,069,211
Water system	281,635	-	535,711	-	817,346
Buildings and improvements	1,356	-	452	-	1,808
Machinery and equipment	7,842	-	3,804	-	11,646
Vehicles	28,584	-	17,837	(43,934)	2,487
Information technology	1,367	-	638	-	2,005
Subtotal	5,103,511	-	844,926	(43,934)	5,904,503
Net capital assets being depreciated	8,104,216	1,954,953	14,406,867	-	24,466,036
Net business-type activity capital assets	\$ 10,016,180	\$ -	\$ 14,549,649	\$ -	\$ 24,565,829

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

Governmental activities:	
General government	\$ 122,932
Public safety	248,212
Recreation and culture	440,255
Total governmental activities	\$ 811,399
Business-type activities:	
Water	\$ 535,711
Sewer	286,484
Building	22,731
Total business-type activities	\$ 844,926

Construction Commitments

The Township had commitments relating to construction projects in progress totaling approximately \$453,000 as of March 31, 2018.

March 31, 2018

Note 4 - Interfund Receivables, Payables, and Transfers

Due to/from other funds reported in the fund financial statements are composed of the following:

Receivable Fund	Payable Fund	Amount
Fire Fund	General Fund	\$ 135,953

Interfund transfers reported in the fund financial statements are comprised of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Fire Fund	\$ 135,953
Parks Fund	Nonmajor governmental funds	71,313
Nonmajor governmental funds	Nonmajor governmental funds	<u>372,106</u>
	Total	<u><u>\$ 579,372</u></u>

Note 5 - Long-term Debt

The Township 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 Township. County contractual agreements and installment purchase agreements are also general obligations of the government.

Long-term debt activity for the year ended March 31, 2018 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and contracts payable - General Obligation Limited Tax Bonds, Series 2008 - Amount of issue - \$4,100,000 Maturing through 2022	0	0	\$ 1,665,000	\$ -	\$ (385,000)	\$ 1,280,000	\$ 320,000
Accumulated compensated absences			<u>243,462</u>	<u>186,911</u>	<u>(169,581)</u>	<u>260,792</u>	<u>175,329</u>
Total governmental activities long-term debt			<u><u>\$ 1,908,462</u></u>	<u><u>\$ 186,911</u></u>	<u><u>\$ (554,581)</u></u>	<u><u>\$ 1,540,792</u></u>	<u><u>\$ 495,329</u></u>

March 31, 2018

Note 5 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and contracts payable:							
Oakland-Macomb							
Interceptor Drainage							
District Drain Bonds -							
Series, 2010A -							
Amount of issue -							
\$525,666							
Maturing through 2032							
2.50%	\$32,960	\$ 417,795	\$ -	\$ (23,284)	\$ 394,511	\$ 23,788	
Oakland-Macomb							
Interceptor Drainage							
District Drain Bonds -							
Series, 2010B -							
Amount of issue -							
\$135,065							
Maturing through 2031							
1.15% - 5.90%	\$4,636 - \$10,483	106,944	-	(5,443)	101,501	5,644	
Oakland-Macomb							
Interceptor Drainage							
District Drain Bonds -							
Series, 2011 -							
Amount of issue -							
\$631,878							
Maturing through 2034							
2.50%	\$24,750 - \$39,477	555,771	-	(26,607)	529,164	27,349	
Oakland-Macomb							
Interceptor Drainage							
District Drain Bonds -							
Series, 2013A -							
Amount of issue -							
\$1,378,847							
Maturing through 2035							
2.00%	\$56,729 - \$82,659	1,198,536	-	(59,057)	1,139,479	60,221	
Total bonds and contracts payable			2,279,046	-	(114,391)	2,164,655	117,002
Compensated absences			27,669	2,930	(7,182)	23,417	14,475
Total business-type activities long-term debt			<u>\$ 2,306,715</u>	<u>\$ 2,930</u>	<u>\$ (121,573)</u>	<u>\$ 2,188,072</u>	<u>\$ 131,477</u>

Note 5 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Total interest expense for the year was approximately \$83,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 320,000	\$ 44,800	\$ 364,800	\$ 117,002	\$ 52,345	\$ 169,347
2020	320,000	32,000	352,000	119,693	49,593	169,286
2021	320,000	19,200	339,200	122,713	46,753	169,466
2022	320,000	6,400	326,400	125,634	43,826	169,460
2023	-	-	-	128,429	40,815	169,244
2024-2028	-	-	-	691,008	155,685	846,693
2029-2033	-	-	-	722,659	67,700	790,359
2034-2038	-	-	-	137,517	4,599	142,116
Total	<u>\$ 1,280,000</u>	<u>\$ 102,400</u>	<u>\$ 1,382,400</u>	<u>\$ 2,164,655</u>	<u>\$ 461,316</u>	<u>\$ 2,625,971</u>

During 2009, Macomb and Oakland counties jointly established the Oakland-Macomb Interceptor Drain - Drainage District (OMID), an intercounty drainage district, under Chapter 21 of the Drain Code. The OMID was created to acquire, operate, and maintain the Oakland-Macomb Interceptor (OMI); the title to the OMI was transferred from the City of Detroit, Michigan to the OMID as part of a settlement agreement with the City of Detroit, Michigan reached in May 2009. The OMID apportioned the responsibility to pay the debt required to finance this project to the participating cities, townships, and villages located in the two counties. The Township has tentatively been advised that its assessments to pay the debt related to this project are \$660,731 for the Series 2010A and Series 2010B bonds, \$631,878 for the Series 2011 bonds, and \$1,378,847 for the Series 2013A bonds. To date, the Township has incurred \$2.6 million of debt and other liabilities related to the project. The Township prefunded the Series 2014 obligation; therefore, the Township will not have a share of the related debt.

Note 6 - Defined Contribution Pension Plan

The Township provides pension benefits to its elected officials and other qualified employees through the Oakland Charter Township Governmental Non-ERISA Retirement Plan administered by John Hancock. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after 1½ months from the date of employment. As established by board resolution, the Township contributes 12 percent of employees' gross earnings.

The Township's contributions for each employee are fully vested after 1½ months of continuous service. Employees may contribute to the plan on a voluntary basis. In accordance with these requirements, the Township contributed \$206,196 during the current year.

Note 7 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical and dental claims and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to property loss, torts, errors and omissions; and workers compensation, and is uninsured for unemployment compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

March 31, 2018

Note 7 - Risk Management (Continued)

The Michigan Municipal Risk Management Authority's State Pool program (the "Authority") operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

Note 8 - Library Agreement

The Charter Township of Oakland Public Library Board has an agreement with the Rochester Hills Public Library Board for library services. In consideration for library services, the Township remits the two voter-approved library millages, as reduced by the Headlee Amendment, calculated using the previous year's taxable valuation of the Township. For the fiscal year ended March 31, 2018, the library millages totaled 0.5971 mills (2017 tax roll), which will be remitted to the Rochester Hills Public Library during the Township's fiscal year in the amount of approximately \$778,000.

Note 9 - Special Item

During July 2017, the Township acquired the water system assets from Oakland County, Michigan through a transfer of operations. The Township elected to take ownership of the system to have ultimate control and decision-making power over the system to meet the long-term goals of the Township, including providing their residents with high-quality water service. As a result, the Township's financial statements now include all water system capital assets and water activity. Through the transaction, the Township acquired \$15.2 million of capital assets and \$1.8 million of working capital (primarily cash and accounts receivable).

Required Supplemental Information

Charter Township of Oakland

Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended March 31, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 671,831	\$ 671,831	\$ 676,042	\$ 4,211
Special assessments	45,658	45,658	45,266	(392)
Intergovernmental:				
Federal grants	3,000	3,000	3,521	521
State sources	1,357,068	1,357,068	1,465,601	108,533
Charges for services	51,500	51,500	75,247	23,747
Fines and forfeitures	50,000	50,000	62,147	12,147
Licenses and permits:				
Cable franchise fees	374,000	374,000	381,008	7,008
Other licenses and permits	1,700	1,700	3,051	1,351
Interest and rentals:				
Investment earnings	50,000	50,000	89,193	39,193
Rental income	25,200	25,200	25,600	400
Other revenue	34,800	34,800	45,372	10,572
Total revenue	2,664,757	2,664,757	2,872,048	207,291
Expenditures				
Current services:				
General government:				
Township board	280,570	318,570	308,156	10,414
Township supervisor	16,274	16,274	13,899	2,375
Manager	158,744	158,744	152,424	6,320
Township treasurer	144,402	144,962	124,182	20,780
Assessor	132,471	132,471	132,471	-
Board of review	2,500	2,500	1,979	521
Township clerk	206,151	210,831	193,299	17,532
Buildings and grounds	251,592	254,892	208,717	46,175
Elections	24,500	24,500	5,119	19,381
Cemetery	4,000	4,000	2,500	1,500
Public works:				
Roads and projects	482,000	482,000	204,339	277,661
Street lighting	6,100	6,100	5,867	233
Other functions - Fringe benefits, insurance, and bonds	215,919	217,919	206,628	11,291
Community and economic development:				
Planning commission	141,450	141,450	95,720	45,730
Community programs and development	142,290	150,290	118,164	32,126
Capital outlay	183,300	268,300	146,585	121,715
Total expenditures	2,392,263	2,533,803	1,920,049	613,754
Excess of Revenue Over Expenditures	272,494	130,954	951,999	821,045
Other Financing Sources (Uses)				
Transfers in	185,000	185,000	185,000	-
Transfers out	(230,000)	(230,000)	(135,953)	94,047
Total other financing (uses) sources	(45,000)	(45,000)	49,047	94,047
Net Change in Fund Balance	227,494	85,954	1,001,046	915,092
Fund Balance - Beginning of year	7,493,080	7,493,080	7,493,080	-
Fund Balance - End of year	\$ 7,720,574	\$ 7,579,034	\$ 8,494,126	\$ 915,092

Charter Township of Oakland

Required Supplemental Information
 Budgetary Comparison Schedule - Major Special Revenue Funds
 Fire Fund

Year Ended March 31, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,232,117	\$ 1,232,117	\$ 1,254,048	\$ 21,931
State-shared revenue and grants	-	-	2,952	2,952
Charges for services	215,000	215,000	218,148	3,148
Interest income	7,000	7,000	10,034	3,034
Other revenue	-	-	5,000	5,000
Total revenue	1,454,117	1,454,117	1,490,182	36,065
Expenditures				
Current - Public safety	1,573,572	1,641,572	1,555,477	86,095
Capital outlay	230,000	230,000	135,953	94,047
Total expenditures	1,803,572	1,871,572	1,691,430	180,142
Excess of Expenditures Over Revenue	(349,455)	(417,455)	(201,248)	216,207
Other Financing Sources - Transfers in	238,000	238,000	143,953	(94,047)
Net Change in Fund Balance	(111,455)	(179,455)	(57,295)	122,160
Fund Balance - Beginning of year	1,260,130	1,260,130	1,260,130	-
Fund Balance - End of year	<u>\$ 1,148,675</u>	<u>\$ 1,080,675</u>	<u>\$ 1,202,835</u>	<u>\$ 122,160</u>

Charter Township of Oakland

Required Supplemental Information
 Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)
 Police Fund

Year Ended March 31, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 2,174,241	\$ 2,174,241	\$ 2,212,868	\$ 38,627
State-shared revenue and grants	-	-	5,209	5,209
Investment income	17,000	17,000	32,544	15,544
Total revenue	2,191,241	2,191,241	2,250,621	59,380
Expenditures				
Current - Public safety	2,260,746	2,315,746	2,262,917	52,829
Capital outlay	15,000	43,100	38,669	4,431
Total expenditures	2,275,746	2,358,846	2,301,586	57,260
Net Change in Fund Balance	(84,505)	(167,605)	(50,965)	116,640
Fund Balance - Beginning of year	3,076,304	3,076,304	3,076,304	-
Fund Balance - End of year	<u><u>\$ 2,991,799</u></u>	<u><u>\$ 2,908,699</u></u>	<u><u>\$ 3,025,339</u></u>	<u><u>\$ 116,640</u></u>

Charter Township of Oakland

Required Supplemental Information
 Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)
 Parks Fund

Year Ended March 31, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 924,143	\$ 924,143	\$ 940,527	\$ 16,384
State-shared revenue and grants	-	-	4,681	4,681
Charges for services	90,100	90,100	85,873	(4,227)
Investment income	10,000	10,000	19,138	9,138
Other revenue	-	-	1,047	1,047
Total revenue	1,024,243	1,024,243	1,051,266	27,023
Expenditures				
Current - Recreation and culture	1,067,300	1,094,800	864,919	229,881
Capital outlay	418,340	418,340	175,746	242,594
Total expenditures	1,485,640	1,513,140	1,040,665	472,475
Other Financing (Uses) Sources				
Transfers out	(71,313)	(71,313)	(71,313)	-
Sale of capital assets	19,000	19,000	16,500	(2,500)
Total other financing uses	(52,313)	(52,313)	(54,813)	(2,500)
Net Change in Fund Balance	(513,710)	(541,210)	(44,212)	496,998
Fund Balance - Beginning of year	1,853,751	1,853,751	1,853,751	-
Fund Balance - End of year	<u>\$ 1,340,041</u>	<u>\$ 1,312,541</u>	<u>\$ 1,809,539</u>	<u>\$ 496,998</u>

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, with the exception of certain charges for services between funds that are budgeted as transfers. All annual appropriations lapse at fiscal year end. During the year, the budget was amended in a legally permissible manner.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level (i.e., the level at which expenditures may not legally exceed appropriations). A comparison of actual results of operations to the General Fund and major special revenue funds budget as adopted by the township board is included in the required supplemental information. A comparison of the actual results of operations to the nonmajor special revenue funds budget as adopted by the township board is available at the clerk's office.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. 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.

A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

General Fund	Total Revenue	Total Expenditures
Amounts per operating statement	\$ 3,057,048	\$ 1,920,049
Charges for services budgeted as operating transfers	(185,000)	-
Amounts per budget statement	<u>\$ 2,872,048</u>	<u>\$ 1,920,049</u>

Fire Fund	Total Revenue	Total Expenditures
Amounts per operating statement	\$ 1,498,182	\$ 1,691,430
Charges for services budgeted as operating transfers	(8,000)	-
Amounts per budget statement	<u>\$ 1,490,182</u>	<u>\$ 1,691,430</u>

Other Supplemental Information

Charter Township of Oakland

	Special Revenue Funds					
	Trails Improvement	Land Preservation	Older Persons Commission	OPC Transportation	Library	Historic District Commission
Assets						
Cash and investments	\$ 2,058,244	\$ 1,947,837	\$ 1,669	\$ 641	\$ 941,732	\$ 515,039
Receivables:						
Property taxes receivable	5,881	23,304	7,885	3,028	20,928	3,935
Accrued interest receivable	11,312	-	-	-	-	-
Other receivables	-	543	-	-	-	-
Prepaid expenses and other assets	7	2,053	-	-	-	1,125
Total assets	\$ 2,075,444	\$ 1,973,737	\$ 9,554	\$ 3,669	\$ 962,660	\$ 520,099
Liabilities						
Accounts payable	\$ 12,171	\$ 16,895	\$ -	\$ -	\$ -	\$ 2,366
Due to other governmental units	-	-	9,554	3,669	-	-
Accrued liabilities and other	1,001	5,174	-	-	-	3,975
Total liabilities	13,172	22,069	9,554	3,669	-	6,341
Fund Balances						
Nonspendable - Prepaid expenses	7	2,053	-	-	-	1,125
Restricted:						
Trails	2,062,265	-	-	-	-	-
Historic District Commission	-	-	-	-	-	512,633
Library	-	-	-	-	962,660	-
Land preservation	-	1,949,615	-	-	-	-
Total fund balances	2,062,272	1,951,668	-	-	962,660	513,758
Total liabilities and fund balances	\$ 2,075,444	\$ 1,973,737	\$ 9,554	\$ 3,669	\$ 962,660	\$ 520,099

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

March 31, 2018

Debt Service Funds	
Debt Service Park/Land Preservation 2008	Total
\$ -	\$ 5,465,162
-	64,961
-	11,312
-	543
-	3,185
\$ -	\$ 5,545,163
\$ -	\$ 31,432
-	13,223
-	10,150
-	54,805
-	3,185
-	2,062,265
-	512,633
-	962,660
-	1,949,615
-	5,490,358
\$ -	\$ 5,545,163

Charter Township of Oakland

Special Revenue Funds						
	Trails Improvement	Land Preservation	Older Persons Commission	OPC Transportation	Library	Historic District Commission
Revenue						
Property taxes	\$ 218,713	\$ 867,102	\$ 293,490	\$ 112,679	\$ 778,680	\$ 146,422
Intergovernmental:						
Federal grants	-	4,500	-	-	-	-
State sources	1,560	4,316	1,461	561	3,876	729
Interest and rentals:						
Investment earnings	21,190	18,938	-	-	5,980	3,926
Rental income	-	3,040	-	-	-	101
Other revenue	-	185	-	-	-	532
Total revenue	241,463	898,081	294,951	113,240	788,536	151,710
Expenditures						
Current services - Recreation and culture	48,327	259,088	294,951	113,240	758,233	116,628
Capital outlay	14,174	45,399	-	-	-	24,841
Debt service	-	-	-	-	-	-
Total expenditures	62,501	304,487	294,951	113,240	758,233	141,469
Excess of Revenue Over (Under) Expenditures	178,962	593,594	-	-	30,303	10,241
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	(372,106)	-	-	-	-
Sale of capital assets	-	10,000	-	-	-	-
Total other financing (uses) sources	-	(362,106)	-	-	-	-
Net Change in Fund Balances	178,962	231,488	-	-	30,303	10,241
Fund Balances - Beginning of year	1,883,310	1,720,180	-	-	932,357	503,517
Fund Balances - End of year	\$ 2,062,272	\$ 1,951,668	\$ -	\$ -	\$ 962,660	\$ 513,758

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances
Nonmajor Governmental Funds

Year Ended March 31, 2018

<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Debt Service Park/Land Preservation 2008</u>	
\$ -	\$ 2,417,086
-	4,500
-	12,503
-	50,034
-	3,141
-	717
-	2,487,981
-	1,590,467
-	84,414
443,419	443,419
443,419	2,118,300
(443,419)	369,681
443,419	443,419
-	(372,106)
-	10,000
443,419	81,313
-	450,994
-	5,039,364
\$ -	\$ 5,490,358

Charter Township of Oakland

**Other Supplemental Information
Statement of Assets and Liabilities
Fiduciary Funds**

March 31, 2018

	<u>Trust and Agency</u>	<u>Planning Escrow</u>	<u>Tax Collections</u>	<u>Total Agency Funds</u>
Assets				
Cash and cash equivalents	\$ 1,763	\$ 120,410	\$ -	\$ 122,173
Investments	-	302,193	-	302,193
Total assets	<u>\$ 1,763</u>	<u>\$ 422,603</u>	<u>\$ -</u>	<u>\$ 424,366</u>
Liabilities				
Accounts payable	\$ -	\$ 18,690	\$ -	\$ 18,690
Refundable deposits, bonds, etc.	-	403,913	-	403,913
Accrued liabilities and other	1,763	-	-	1,763
Total liabilities	<u>\$ 1,763</u>	<u>\$ 422,603</u>	<u>\$ -</u>	<u>\$ 424,366</u>