
Charter Township of Oakland

**Financial Report
with Supplemental Information
March 31, 2020**

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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, 2020 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 opinions.

Opinions

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, 2020 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.

Emphasis of Matter

As described in Note 1 to the financial statements, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities, as of March 31, 2020. Our opinion is not modified with respect to this matter.

To the Township Board of Trustees
Charter Township of Oakland

Other Matters

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 opinions 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 22, 2020

Overview of the Financial Statements

The Charter Township of Oakland's (the "Township") 2020 annual report is presented in conformity with the requirements of Governmental Accounting Standards Board (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 \$83.7 million, composed of \$48.0 million from governmental activities and \$35.7 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.

The Township's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 21,464,639	\$ 21,618,670	\$ 15,199,358	\$ 14,149,553	\$ 36,663,997	\$ 35,768,223
Capital assets	28,156,436	24,992,474	23,476,822	24,090,555	51,633,258	49,083,029
Total assets	49,621,075	46,611,144	38,676,180	38,240,108	88,297,255	84,851,252
Liabilities						
Current liabilities	676,799	880,968	1,026,203	538,684	1,703,002	1,419,652
Noncurrent liabilities	919,686	1,210,659	1,961,323	2,074,438	2,881,009	3,285,097
Total liabilities	1,596,485	2,091,627	2,987,526	2,613,122	4,584,011	4,704,749
Net Position						
Net investment in capital assets	27,516,436	24,032,474	21,636,895	22,298,881	49,153,331	46,331,355
Restricted	11,528,120	11,901,769	-	-	11,528,120	11,901,769
Unrestricted	8,980,034	8,585,274	14,051,759	13,328,105	23,031,793	21,913,379
Total net position	\$ 48,024,590	\$ 44,519,517	\$ 35,688,654	\$ 35,626,986	\$ 83,713,244	\$ 80,146,503

The Township experienced an increase in the net position of both the governmental activities and the business-type activities, as revenue exceeded expenditures. The change in the net position of the governmental activities between 2019 and 2020 does not agree to the change presented below due to the Township's implementation of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the revenue, expenses, and net position surrounding the lake assessments were previously reported within governmental funds but now meet the definition of a fiduciary activity and, therefore, are now reported as such.

Charter Township of Oakland

Management's Discussion and Analysis (Continued)

The Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Program revenue:						
Charges for services	\$ 472,416	\$ 429,971	\$ 3,865,517	\$ 4,045,437	\$ 4,337,933	\$ 4,475,408
Operating grants	119,594	78,044	328,085	-	447,679	78,044
Capital grants	2,191,005	-	522,131	71,349	2,713,136	71,349
General revenue:						
Property taxes	8,218,259	7,751,658	-	-	8,218,259	7,751,658
Intergovernmental	1,585,094	1,515,759	-	-	1,585,094	1,515,759
Investment earnings	400,387	401,292	316,493	236,467	716,880	637,759
Other revenue	456,934	436,490	744,488	793,182	1,201,422	1,229,672
Total revenue	13,443,689	10,613,214	5,776,714	5,146,435	19,220,403	15,759,649
Expenses						
General government	1,305,454	1,482,582	-	-	1,305,454	1,482,582
Public safety	4,355,354	4,391,403	-	-	4,355,354	4,391,403
Public works	819,500	335,474	-	-	819,500	335,474
Community and economic development	162,542	195,384	-	-	162,542	195,384
Recreation and culture	3,193,522	2,875,350	-	-	3,193,522	2,875,350
Debt service charges	27,733	40,533	-	50,981	27,733	91,514
Operating expenses other than depreciation	-	-	4,028,900	3,555,525	4,028,900	3,555,525
Depreciation	-	-	848,592	845,450	848,592	845,450
Other nonoperating expenses	-	-	837,554	1,014,271	837,554	1,014,271
Total expenses	9,864,105	9,320,726	5,715,046	5,466,227	15,579,151	14,786,953
Change in Net Position	\$ 3,579,584	\$ 1,292,488	\$ 61,668	\$ (319,792)	\$ 3,641,252	\$ 972,696

Revenue for governmental activities totaled \$13.4 million in 2020. A total of \$8.2 million, or approximately 61 percent, of all revenue received by the Township was in the form of property tax collections. Property taxes as a whole increased by 6 percent in 2020 due to an increase in taxable values. The General Fund operating millage decreased by 0.0043 mills from the prior year.

Governmental activities revenue increased by approximately \$2,830,000, and expenses increased by approximately \$543,000. The revenue increase is primarily due to the Land Preservation Fund receiving a grant from the State of Michigan Natural Resources Trust Fund to help offset expenditures related to the Stoney Creek Ravine Nature Park expansion. The increase in public works expenditures is primarily due to the work performed on the Adams Road and Gunn Road roundabout project.

Change in net position for the business-type activities increased by approximately \$381,000 from the prior year, mostly attributable to a transfer made from the General Fund to the Sewer Fund to offset sanitary sewer connector and tap fees that were waived in previous years due to a consent judgment.

Financial Analysis of Township Funds and Budgets

The General Fund ended 2020 with a total fund balance of \$9.3 million, representing an increase of approximately \$452,000 from the previous year, with \$7.5 million being in unassigned fund balance. Total General Fund revenue exceeded the amended budget by approximately \$59,000, or 1.9 percent. This surplus is mainly due to greater than expected investment earnings and state-shared revenue. Total expenditures before transfers were under the amended budget by approximately \$1,073,000, or 31.0 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 \$393,000 and \$297,000, respectively. Many of these items were subsequently reappropriated in the fiscal year 2021 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, Parks Fund, and Land Preservation Fund. The Fire Fund amounts were in line with its amended budgets. The Police, Parks, and Land Preservation funds reported favorable budget variances of approximately \$254,000, \$124,000, and \$392,000, respectively, 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 in understanding 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 2021. Once next year's tax collections are completed in March 2021, 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 Fund	Land Preservation Fund	Historic District Commission
Unassigned/restricted fund balance	\$ 7,506,767	\$ 1,037,551	\$ 3,336,200	\$ 1,686,379	\$ 1,867,572	\$ 1,773,103	\$ 563,196
Tax revenue for next eight months	(493,847)	(916,057)	(1,616,677)	(687,037)	(159,661)	(633,487)	(106,883)
Budgeted use of fund balance in subsequent year	(1,305,600)	-	(29,600)	(405,525)	(864,250)	(96,075)	(38,700)
Fund balance in excess of tax revenue for the next eight months and budgeted use	\$ 5,707,320	\$ 121,494	\$ 1,689,923	\$ 593,817	\$ 843,661	\$ 1,043,541	\$ 417,613

Capital Assets and Debt Administration

At the end of 2020, the Township's governmental activities had approximately \$28.2 million of capital assets, net of depreciation, invested in buildings, land improvements, information technology, equipment, and vehicles. The governmental activities reported approximately \$4.1 million of additions for the year. Major acquisitions were for land and land improvements. The business-type activities reported approximately \$23.5 million of capital assets, net of depreciation, primarily invested in infrastructure assets. The business-type activities report approximately \$235,000 of additions for the year.

General obligation debt of \$640,000 is recorded as a liability on the governmental activities statement of net position. Debt relating to the Oakland-Macomb Interceptor Drainage sewer system totaling approximately \$1.9 million is recorded as a liability on the business-type activities statement of net position.

The Township is currently planning for two water storage facilities to be constructed in the coming years. The Water Fund will issue approximately \$10 million of debt to finance these projects.

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

Current Economic Events

The Township realized a \$78 million, or 5.7 percent, increase in taxable values in fiscal year 2020 compared to the previous year. For fiscal year 2021, taxable values have increased by another \$72 million, or 5.0 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 (2020/2021) 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.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted thousands of individuals worldwide. While the COVID-19 pandemic could have an adverse effect on the Township's operations over time, no impairments were recorded as of the statement of net position date, as no triggering events or changes in circumstances had occurred as of year end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. There is an expectation that the Township's state-shared revenue, investment income, and recreation fees will be reduced in fiscal year 2021. The Township is currently evaluating the impact of COVID-19, but the extent of the impact cannot be reasonably estimated at this time.

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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 2)	\$ 20,153,816	\$ 13,930,717	\$ 34,084,533
Receivables:			
Property taxes receivable	252,938	-	252,938
Receivables from sales to customers on account	-	873,464	873,464
Accrued interest receivable	60,752	117,448	178,200
Other receivables	149,191	-	149,191
Due from other governmental units	394,622	162,246	556,868
Internal balances	(448)	448	-
Prepaid expenses and other assets	453,768	27,003	480,771
Restricted assets (Note 1)	-	88,032	88,032
Capital assets: (Note 3)			
Assets not subject to depreciation	20,626,449	550,592	21,177,041
Assets subject to depreciation - Net	7,529,987	22,926,230	30,456,217
Total assets	49,621,075	38,676,180	88,297,255
Liabilities			
Accounts payable	340,109	91,301	431,410
Due to other governmental units	24,691	55,983	80,674
Refundable deposits, bonds, etc.	29,533	845,092	874,625
Accrued liabilities and other	282,466	33,827	316,293
Noncurrent liabilities: (Note 5)			
Due within one year	518,313	146,197	664,510
Due in more than one year	401,373	1,815,126	2,216,499
Total liabilities	1,596,485	2,987,526	4,584,011
Net Position			
Net investment in capital assets	27,516,436	21,636,895	49,153,331
Restricted:			
Police	3,336,260	-	3,336,260
Fire	1,110,868	-	1,110,868
Cable	111,787	-	111,787
Parks	1,701,819	-	1,701,819
Trails	1,867,572	-	1,867,572
Historic District Commission	564,730	-	564,730
Library	1,056,966	-	1,056,966
Land preservation	1,778,118	-	1,778,118
Unrestricted	8,980,034	14,051,759	23,031,793
Total net position	\$ 48,024,590	\$ 35,688,654	\$ 83,713,244

Charter Township of Oakland

Functions/Programs	Program Revenue			Capital Grants and Contributions
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 1,305,454	\$ 117,223	\$ -	\$ -
Public safety	4,355,354	252,328	10,197	-
Public works	819,500	-	-	-
Community and economic development	162,542	-	3,000	-
Recreation and culture	3,193,522	102,865	106,397	2,191,005
Interest on long-term debt	27,733	-	-	-
Total governmental activities	9,864,105	472,416	119,594	2,191,005
Business-type activities:				
Sewer Fund	2,300,684	1,909,423	328,085	522,131
Water Fund	2,587,545	1,358,024	-	-
Building	826,817	598,070	-	-
Total business-type activities	5,715,046	3,865,517	328,085	522,131
Total primary government	\$ 15,579,151	\$ 4,337,933	\$ 447,679	\$ 2,713,136

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

Total general revenue

Change in Net Position

Net Position - Beginning of year, as restated (Note 1)

Net Position - End of year

Statement of Activities

Year Ended March 31, 2020

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,188,231)	\$ -	\$ (1,188,231)
(4,092,829)	-	(4,092,829)
(819,500)	-	(819,500)
(159,542)	-	(159,542)
(793,255)	-	(793,255)
(27,733)	-	(27,733)
(7,081,090)	-	(7,081,090)
-	458,955	458,955
-	(1,229,521)	(1,229,521)
-	(228,747)	(228,747)
-	(999,313)	(999,313)
(7,081,090)	(999,313)	(8,080,403)
8,218,259	-	8,218,259
1,585,094	-	1,585,094
400,387	316,493	716,880
374,527	-	374,527
5,556	-	5,556
76,851	744,488	821,339
10,660,674	1,060,981	11,721,655
3,579,584	61,668	3,641,252
44,445,006	35,626,986	80,071,992
<u>\$ 48,024,590</u>	<u>\$ 35,688,654</u>	<u>\$ 83,713,244</u>

Charter Township of Oakland

	General Fund	Fire Fund	Police Fund	Parks Fund
Assets				
Cash and investments (Note 2)	\$ 9,108,357	\$ 943,465	\$ 3,450,987	\$ 1,709,273
Receivables:				
Property taxes receivable	31,451	40,688	71,807	30,516
Accrued interest receivable	44,679	-	1,601	7,236
Other receivables	101,685	47,506	-	-
Due from other governmental units	394,622	-	-	-
Due from other funds	-	114,207	919	404
Prepaid expenses and other assets	81,664	73,317	60	15,440
Total assets	\$ 9,762,458	\$ 1,219,183	\$ 3,525,374	\$ 1,762,869
Liabilities				
Accounts payable	\$ 70,687	\$ 29,245	\$ 189,019	\$ 33,414
Due to other governmental units	10,157	-	-	-
Due to other funds	114,655	-	-	919
Refundable deposits, bonds, etc.	29,158	-	-	375
Accrued liabilities and other	157,761	79,070	95	26,342
Total liabilities	382,418	108,315	189,114	61,050
Deferred Inflows of Resources - Unavailable revenue	110,304	-	-	-
Fund Balances				
Nonspendable - Prepaid expenses	81,664	73,317	60	15,440
Restricted:				
Police	-	-	3,336,200	-
Fire	-	1,037,551	-	-
Cable	111,787	-	-	-
Parks	-	-	-	1,686,379
Trails	-	-	-	-
Historic District Commission	-	-	-	-
Library	-	-	-	-
Land preservation	-	-	-	-
Assigned:				
Subsequent year's budget	1,305,600	-	-	-
Roads	169,000	-	-	-
Beautification	27,992	-	-	-
Bike path	66,926	-	-	-
Unassigned	7,506,767	-	-	-
Total fund balances	9,269,736	1,110,868	3,336,260	1,701,819
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,762,458	\$ 1,219,183	\$ 3,525,374	\$ 1,762,869

Governmental Funds
Balance Sheet

March 31, 2020

Land Preservation Fund	Nonmajor Funds	Total Governmental Funds
\$ 1,755,001	\$ 3,186,733	\$ 20,153,816
28,137	50,339	252,938
-	7,236	60,752
-	-	149,191
-	-	394,622
-	-	115,530
5,015	278,272	453,768
\$ 1,788,153	\$ 3,522,580	\$ 21,580,617
\$ 4,678	\$ 13,066	\$ 340,109
-	14,534	24,691
-	404	115,978
-	-	29,533
5,357	5,308	273,933
10,035	33,312	784,244
-	-	110,304
5,015	278,272	453,768
-	-	3,336,200
-	-	1,037,551
-	-	111,787
-	-	1,686,379
-	1,867,572	1,867,572
-	563,196	563,196
-	780,228	780,228
1,773,103	-	1,773,103
-	-	1,305,600
-	-	169,000
-	-	27,992
-	-	66,926
-	-	7,506,767
1,778,118	3,489,268	20,686,069
\$ 1,788,153	\$ 3,522,580	\$ 21,580,617

Charter Township of Oakland

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

March 31, 2020

Fund Balances Reported in Governmental Funds	\$ 20,686,069
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	28,156,436
Certain receivables were earned during the current fiscal year, but are not available to pay for current year expenditures	110,304
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(640,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(8,533)
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	(279,686)
Net Position of Governmental Activities	<u>\$ 48,024,590</u>

Charter Township of Oakland

	General Fund	Fire Fund	Police Fund	Parks Fund
Revenue				
Property taxes	\$ 740,770	\$ 1,374,086	\$ 2,425,015	\$ 1,030,556
Intergovernmental:				
Federal grants	3,000	-	-	-
State sources	1,590,511	3,652	6,445	93,777
Charges for services	255,650	260,528	-	70,630
Fines and forfeitures	47,714	-	-	-
Licenses and permits:				
Cable franchise fees	374,527	-	-	-
Other licenses and permits	2,559	-	-	-
Interest and rentals:				
Investment earnings	208,991	12,930	55,739	31,646
Rental income	28,725	-	-	-
Other revenue	47,964	100	-	9,805
Total revenue	3,300,411	1,651,296	2,487,199	1,236,414
Expenditures				
Current services:				
General government	1,351,491	-	-	-
Public safety	-	1,921,246	2,211,013	-
Public works	572,246	-	-	-
Community and economic development	162,542	-	-	-
Recreation and culture	-	-	-	952,715
Capital outlay	299,173	198,929	1,000	456,550
Debt service	-	-	-	-
Total expenditures	2,385,452	2,120,175	2,212,013	1,409,265
Excess of Revenue Over (Under) Expenditures	914,959	(468,879)	275,186	(172,851)
Other Financing Sources (Uses)				
Transfers in (Note 4)	-	463,323	-	-
Transfers out (Note 4)	(463,323)	-	-	-
Sale of capital assets	-	5,556	-	-
Total other financing (uses) sources	(463,323)	468,879	-	-
Net Change in Fund Balances	451,636	-	275,186	(172,851)
Fund Balances - Beginning of year, as restated (Note 1)	8,818,100	1,110,868	3,061,074	1,874,670
Fund Balances - End of year	\$ 9,269,736	\$ 1,110,868	\$ 3,336,260	\$ 1,701,819

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended March 31, 2020

Land Preservation Fund	Nonmajor Funds	Total Governmental Funds
\$ 950,230	\$ 1,697,602	\$ 8,218,259
-	-	3,000
2,195,624	8,001	3,898,010
-	-	586,808
-	-	47,714
-	-	374,527
-	-	2,559
29,334	61,747	400,387
3,000	510	32,235
18,494	588	76,951
3,196,682	1,768,448	13,640,450
-	-	1,351,491
-	-	4,132,259
-	-	572,246
-	-	162,542
286,574	1,439,323	2,678,612
3,022,838	292,567	4,271,057
-	352,000	352,000
3,309,412	2,083,890	13,520,207
(112,730)	(315,442)	120,243
-	352,000	815,323
(352,000)	-	(815,323)
-	-	5,556
(352,000)	352,000	5,556
(464,730)	36,558	125,799
2,242,848	3,452,710	20,560,270
\$ 1,778,118	\$ 3,489,268	\$ 20,686,069

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, 2020

Net Change in Fund Balances Reported in Governmental Funds	\$ 125,799
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	(943,270)
Capital outlay	4,107,232
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	(5,417)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	320,000
Interest expense is recognized in the government-wide statements as it accrues	4,267
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	<u>(29,027)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 3,579,584</u></u>

Charter Township of Oakland

Proprietary Funds Statement of Net Position

March 31, 2020

	Enterprise Funds			
	Sewer Fund	Water Fund	Building	Total
Assets				
Current assets:				
Cash and investments (Note 2)	\$ 8,269,181	\$ 2,426,441	\$ 3,235,095	\$ 13,930,717
Receivables:				
Receivables from sales to customers on account	334,565	538,899	-	873,464
Accrued interest receivable	92,785	-	24,663	117,448
Due from other governmental units	157,971	4,275	-	162,246
Due from other funds	-	-	448	448
Prepaid expenses and other assets	2,778	7,200	17,025	27,003
Total current assets	8,857,280	2,976,815	3,277,231	15,111,326
Noncurrent assets:				
Restricted assets (Note 1)	88,032	-	-	88,032
Capital assets: (Note 3)				
Assets not subject to depreciation	550,592	-	-	550,592
Assets subject to depreciation - Net	8,459,556	14,401,696	64,978	22,926,230
Total noncurrent assets	9,098,180	14,401,696	64,978	23,564,854
Total assets	17,955,460	17,378,511	3,342,209	38,676,180
Liabilities				
Current liabilities:				
Accounts payable	35,163	29,823	26,315	91,301
Due to other governmental units	55,983	-	-	55,983
Refundable deposits, bonds, etc.	-	180,500	664,592	845,092
Accrued liabilities and other	22,979	-	10,848	33,827
Compensated absences	-	-	23,484	23,484
Current portion of long-term debt (Note 5)	122,713	-	-	122,713
Total current liabilities	236,838	210,323	725,239	1,172,400
Noncurrent liabilities:				
Compensated absences	-	-	9,880	9,880
Long-term debt (Note 5)	1,805,246	-	-	1,805,246
Total noncurrent liabilities	1,805,246	-	9,880	1,815,126
Total liabilities	2,042,084	210,323	735,119	2,987,526
Net Position				
Net investment in capital assets	7,170,221	14,401,696	64,978	21,636,895
Unrestricted	8,743,155	2,766,492	2,542,112	14,051,759
Total net position	\$ 15,913,376	\$ 17,168,188	\$ 2,607,090	\$ 35,688,654

Charter Township of Oakland

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

Year Ended March 31, 2020

	Enterprise Funds			
	Sewer Fund	Water Fund	Building	Total
Operating Revenue				
Sale of water	\$ -	\$ 1,298,088	\$ -	\$ 1,298,088
Sewage disposal charges	1,370,079	-	-	1,370,079
Permit revenue	-	-	593,103	593,103
Other operating revenue	33,746	59,936	4,967	98,649
Total operating revenue	1,403,825	1,358,024	598,070	3,359,919
Operating Expenses				
Cost of water	-	1,227,139	-	1,227,139
Cost of sewage treatment	947,150	-	-	947,150
Other operation and maintenance	161,957	-	-	161,957
Billing and administrative costs	91,929	166,503	-	258,432
Other operating expense	132,149	165,663	-	297,812
Building inspections and related activity	-	-	802,966	802,966
Depreciation	287,532	537,209	23,851	848,592
Total operating expenses	1,620,717	2,096,514	826,817	4,544,048
Operating Loss	(216,892)	(738,490)	(228,747)	(1,184,129)
Nonoperating Revenue (Expense)				
Investment income	187,359	55,149	73,985	316,493
Interest expense	(47,553)	-	-	(47,553)
Other nonoperating expenses	(632,414)	(491,031)	-	(1,123,445)
Debt service charges and other	505,598	-	-	505,598
Operating grants	328,085	-	-	328,085
Other nonoperating revenue	-	744,488	-	744,488
Total nonoperating revenue	341,075	308,606	73,985	723,666
Income (Loss) - Before capital contributions	124,183	(429,884)	(154,762)	(460,463)
Capital Contributions	522,131	-	-	522,131
Change in Net Position	646,314	(429,884)	(154,762)	61,668
Net Position - Beginning of year	15,267,062	17,598,072	2,761,852	35,626,986
Net Position - End of year	<u>\$ 15,913,376</u>	<u>\$ 17,168,188</u>	<u>\$ 2,607,090</u>	<u>\$ 35,688,654</u>

Charter Township of Oakland

Proprietary Funds Statement of Cash Flows

Year Ended March 31, 2020

	Enterprise Funds			
	Sewer Fund	Water Fund	Building	Total
Cash Flows from Operating Activities				
Receipts from customers	\$ 1,416,068	\$ 1,393,643	\$ 603,235	\$ 3,412,946
Payments to suppliers	(1,288,486)	(1,418,870)	(180,860)	(2,888,216)
Payments to employees	-	-	(313,764)	(313,764)
Net cash and cash equivalents provided by (used in) operating activities	127,582	(25,227)	108,611	210,966
Cash Flows from Noncapital Financing Activities				
Operating grants and subsidies	172,447	-	-	172,447
Nonoperating items paid (charged) by the County	159,075	(491,031)	-	(331,956)
Loans made to other funds	-	-	(448)	(448)
Nonoperating grant expenses	(333,444)	-	-	(333,444)
Net cash and cash equivalents used in noncapital financing activities	(1,922)	(491,031)	(448)	(493,401)
Cash Flows from Capital and Related Financing Activities				
Receipt of capital charges	533,405	744,488	-	1,277,893
Purchase of capital assets	(11,273)	(59,936)	(6,978)	(78,187)
Principal and interest paid on capital debt	(121,732)	-	-	(121,732)
Net cash and cash equivalents provided by (used in) capital and related financing activities	400,400	684,552	(6,978)	1,077,974
Cash Flows from Investing Activities				
Interest received on investments	168,722	55,149	73,056	296,927
Purchase of investment securities	(44,450)	(12,698)	(34,123)	(91,271)
Net cash and cash equivalents provided by investing activities	124,272	42,451	38,933	205,656
Net Increase in Cash and Cash Equivalents	650,332	210,745	140,118	1,001,195
Cash and Cash Equivalents - Beginning of year	5,959,649	1,756,883	1,861,894	9,578,426
Cash and Cash Equivalents - End of year	\$ 6,609,981	\$ 1,967,628	\$ 2,002,012	\$ 10,579,621
Classification of Cash and Cash Equivalents				
Cash and investments	\$ 8,269,181	\$ 2,426,441	\$ 3,235,095	\$ 13,930,717
Less amounts classified as investments	(1,659,200)	(458,813)	(1,233,083)	(3,351,096)
Total cash and cash equivalents	\$ 6,609,981	\$ 1,967,628	\$ 2,002,012	\$ 10,579,621

Charter Township of Oakland

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

Year Ended March 31, 2020

	Enterprise Funds			
	Sewer Fund	Water Fund	Building	Total
Reconciliation of Operating Loss to Net Cash from Operating Activities				
Operating loss	\$ (216,892)	\$ (738,490)	\$ (228,747)	\$ (1,184,129)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation	287,532	537,209	23,851	848,592
Changes in assets and liabilities:				
Receivables	12,243	35,619	5,165	53,027
Prepaid and other assets	-	-	(1,318)	(1,318)
Compensated absences	-	-	7,737	7,737
Accounts payable and other accrued liabilities	44,699	140,435	301,923	487,057
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 127,582</u>	<u>\$ (25,227)</u>	<u>\$ 108,611</u>	<u>\$ 210,966</u>

Noncash Capital and Related Financing Activities - During the year ended March 31, 2020, Oakland County, Michigan constructed approximately \$157,000 of sewer lines for the Oakland-Macomb Interceptor project, for which the Township reduced restricted assets held at the County or recorded a capital contribution.

Charter Township of Oakland

Fiduciary Funds Statement of Fiduciary Net Position

March 31, 2020

	<u>Total Custodial Funds</u>
Assets - Cash and cash equivalents	\$ 78,455
Liabilities - Accounts payable	<u>7,088</u>
Net Position - Restricted - Lake improvements	<u><u>\$ 71,367</u></u>

Charter Township of Oakland

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended March 31, 2020

	<u>Total Custodial Funds</u>
Additions	
Lake improvement assessments	\$ 46,318
Property tax collections	33,309,453
Deductions	
Lake improvements	49,462
Property tax disbursements	<u>33,309,453</u>
Net Decrease in Fiduciary Net Position	(3,144)
Net Position - Beginning of year, as restated (Note 1)	<u>74,511</u>
Net Position - End of year	<u><u>\$ 71,367</u></u>

March 31, 2020

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 Township and its component units, entities for which the Township is considered to be financially accountable. The accompanying financial statements present the financial operations of the Township.

Blended Component Unit

The Parks and Recreation Commission is governed by seven popularly elected members. Although it is legally separate from the Township, the Parks and Recreation Commission is reported as if it were part of the primary government because its responsibilities include acquisition, planning, and management of the Township's parks, as well as providing recreational opportunities to the Township's citizens.

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, 2020, the Charter Township of Oakland provided \$510,222 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, MI 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, 2020, the Charter Township of Oakland provided \$446,897 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, MI 48307.

Accounting and Reporting Principles

The Township follows accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). 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 the 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.
- The Land Preservation Fund accounts for all revenue and expenditures for the Township's activities related to the purchase and maintenance of property for future public use.

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. Custodial funds account for assets held by the Township in a trustee capacity.

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 generally is allocated to each fund using a weighted average.

Restricted Assets

Unspent bond proceeds and deposits 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.

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

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 other financing sources, as well as bond premiums and discounts. The Land Preservation Fund is used to liquidate the current governmental long-term debt.

Note 1 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 future periods 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 net 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 future periods 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

Net position of the Township is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position represents resources that are legally restricted to be spent for specific purposes; this includes any unused resources from the Township's special voted tax millages. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

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 2019 property tax revenue was levied and collectible on December 31, 2019 and is recognized as revenue in the year ended March 31, 2020 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 \$243,107 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 2019 taxable valuation of the Township totaled \$1.45 billion. Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	0.5100 \$	740,770
Library	0.5873	853,052
Parks	0.7095	1,030,556
Fire	0.9460	1,374,086
Police	1.6695	2,425,015
Land preservation	0.6542	950,230
Older persons	0.2213	321,415
OPC transportation	0.0849	123,286
Trail system	0.1649	239,491
Historic district	0.1104	160,325

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 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 were originally effective for the Township's financial statements for the year ended March 31, 2020 but were extended to March 31, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement were originally effective for the Township's financial statements for the year ending March 31, 2021 but were extended to March 31, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

Note 1 - Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncement

During the current year, the Township adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the revenue, expenses, and net position surrounding the lake assessments were previously reported within governmental funds but now meet the definition of a fiduciary activity and, therefore, are now reported as such.

The effect of this new standard on fund balance/net position was as follows:

	Governmental Activities	General Fund	Fiduciary
Net position/fund balance - March 31, 2019 - As previously reported	\$ 44,519,517	\$ 8,892,611	\$ -
Adjustment for GASB Statement No. 84 - To reclassify lake improvement board activity as fiduciary activity	(74,511)	(74,511)	74,511
Net position/fund balance - March 31, 2019 - As restated	<u>\$ 44,445,006</u>	<u>\$ 8,818,100</u>	<u>\$ 74,511</u>

Subsequent Events

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted thousands of individuals worldwide. While the COVID-19 pandemic could have an adverse effect on the Township's operations over time, no impairments were recorded as of the statement of net position date, as no triggering events or changes in circumstances had occurred as of year end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. There is an expectation that the Township's state-shared revenue, investment income, and recreation fees will be reduced in fiscal year 2021. The Township is currently evaluating the impact of COVID-19, but the extent of the impact cannot be reasonably estimated at this time.

In June 2020, the Township was informed that the Oakland-Macomb Interceptor Drainage District would soon be commencing a new segment of construction and that the Township's share of the costs will approximate \$864,000. The Township expects to make a lump-sum payment from the Sewer Fund in fiscal year 2021.

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 that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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 nine 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 certificates of deposit, but not the remainder of state statutory authority, as listed above. The Township's deposits and investments are in accordance with statutory authority.

March 31, 2020

Note 2 - Deposits and Investments (Continued)

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 \$16,163,508 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 Federal Deposit Insurance Corporation (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	\$ 5,062,532	0.17
Government Investment Pool	5,202,443	1.43

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, 2020, 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	\$ 5,062,532	AAAm	S&P
Local Government Investment Pool	5,202,443	Not rated	N/A

Concentration of Credit Risk

The Township places no limit on the amount it may invest in any one issuer. Approximately 16 and 17 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 Securities and Exchange Commission (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.

Note 2 - Deposits and Investments (Continued)

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 net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where 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.

The Township has the following recurring fair value measurements as of March 31, 2020:

The Township's investments in the Oakland County LGIP (\$5,202,443) and Michigan CLASS (\$5,062,532) are measured at net asset value.

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

Investments in Entities that Calculate Net Asset Value per Share

The Township holds shares or interests in investment companies for which 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.

At March 31, 2020, 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	\$ 5,202,443	\$ -	No restrictions	None
Michigan CLASS investment pool	5,062,532	-	No restrictions	None
Total investments measured at NAV	<u>\$ 10,264,975</u>	<u>\$ -</u>		

The Oakland County LGIP invests assets in a manner that 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, 2020

Note 3 - Capital Assets

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

Governmental Activities

	Balance April 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance March 31, 2020
Capital assets not being depreciated:					
Land	\$ 17,543,795	\$ 15,020	\$ 3,012,636	\$ -	\$ 20,571,451
Construction in progress	130,801	(130,801)	54,998	-	54,998
Subtotal	17,674,596	(115,781)	3,067,634	-	20,626,449
Capital assets being depreciated:					
Infrastructure	2,031,525	-	-	-	2,031,525
Buildings and improvements	11,015,155	-	42,025	-	11,057,180
Machinery and equipment	966,559	-	88,946	(8,588)	1,046,917
Vehicles	3,124,289	-	45,123	-	3,169,412
Office furnishings	476,122	3,268	6,533	-	485,923
Information technology	236,876	-	43,415	(49,924)	230,367
Land improvements	3,647,830	112,513	813,556	-	4,573,899
Subtotal	21,498,356	115,781	1,039,598	(58,512)	22,595,223
Accumulated depreciation:					
Infrastructure	2,031,525	-	-	-	2,031,525
Buildings and improvements	5,730,558	-	383,892	-	6,114,450
Machinery and equipment	692,132	-	87,055	(8,588)	770,599
Vehicles	2,551,639	-	84,149	-	2,635,788
Office furnishings	453,334	-	8,572	-	461,906
Information technology	215,146	-	15,323	(49,924)	180,545
Land improvements	2,506,144	-	364,279	-	2,870,423
Subtotal	14,180,478	-	943,270	(58,512)	15,065,236
Net capital assets being depreciated	7,317,878	115,781	96,328	-	7,529,987
Net governmental activities capital assets	<u>\$ 24,992,474</u>	<u>\$ -</u>	<u>\$ 3,163,962</u>	<u>\$ -</u>	<u>\$ 28,156,436</u>

March 31, 2020

Note 3 - Capital Assets (Continued)

Business-type Activities

	Balance April 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance March 31, 2020
Capital assets not being depreciated - Construction in progress	\$ 393,920	\$ -	\$ 156,672	\$ -	\$ 550,592
Capital assets being depreciated:					
Sewer system	14,092,323	-	11,273	-	14,103,596
Water system	16,232,026	-	59,936	-	16,291,962
Buildings and improvements	6,775	-	-	-	6,775
Machinery and equipment	41,984	-	1,025	-	43,009
Vehicles	45,252	-	-	-	45,252
Information technology	28,228	-	5,953	(3,981)	30,200
Subtotal	30,446,588	-	78,187	(3,981)	30,520,794
Accumulated depreciation:					
Sewer system	5,356,508	-	287,532	-	5,644,040
Water system	1,353,057	-	537,209	-	1,890,266
Buildings and improvements	2,260	-	452	-	2,712
Machinery and equipment	17,644	-	6,144	-	23,788
Vehicles	13,179	-	10,692	-	23,871
Information technology	7,305	-	6,563	(3,981)	9,887
Subtotal	6,749,953	-	848,592	(3,981)	7,594,564
Net capital assets being depreciated	23,696,635	-	(770,405)	-	22,926,230
Net business-type activities capital assets	\$ 24,090,555	\$ -	\$ (613,733)	\$ -	\$ 23,476,822

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

Governmental activities:	
General government	\$ 103,437
Public safety	230,326
Recreation and culture	609,507
Total governmental activities	<u>\$ 943,270</u>
Business-type activities:	
Water	\$ 537,209
Sewer	287,532
Building	23,851
Total business-type activities	<u>\$ 848,592</u>

Construction Commitments

The Township had commitments relating to construction projects in progress totaling approximately \$5,000 as of March 31, 2020.

March 31, 2020

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
Police Fund	Parks Fund	\$ 919
Building Fund	General Fund	448
Fire Fund	General Fund	114,207
Parks Fund	Nonmajor governmental funds	404
	Total	<u>\$ 115,978</u>

These balances result from the time lag between the date that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Fire Fund	\$ 463,323
Land Preservation Fund	Nonmajor governmental funds	352,000
	Total	<u>\$ 815,323</u>

The transfers from the General Fund to the Fire Fund represent the use of unrestricted resources to finance capital acquisitions and a portion of operations; the transfer from the Land Preservation Fund to nonmajor governmental funds represents the movement of resources to be used to service debt.

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, 2020 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	4.00%	\$320,000	\$ 960,000	\$ -	\$ (320,000)	\$ 640,000	\$ 320,000
Accumulated compensated							
absences			250,659	218,197	(189,170)	279,686	198,313
Total governmental							
activities long-term			<u>\$ 1,210,659</u>	<u>\$ 218,197</u>	<u>\$ (509,170)</u>	<u>\$ 919,686</u>	<u>\$ 518,313</u>
debt							

March 31, 2020

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%	\$21,066 - \$32,960	\$ 370,723	\$ -	\$ (24,392)	\$ 346,331	\$ 25,098	
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	95,857	-	(5,947)	89,910	6,249	
Oakland-Macomb							
Interceptor Drainage							
District Drain Bonds -							
Series, 2011 -							
Amount of issue -							
\$631,878							
Maturing through 2034							
2.50%	\$24,750 - \$39,477	501,815	-	(27,968)	473,847	28,710	
Oakland-Macomb							
Interceptor Drainage							
District Drain Bonds -							
Series, 2013A -							
Amount of issue -							
\$1,378,847							
Maturing through 2035							
2.00%	\$56,729 - \$82,659	1,079,257	-	(61,386)	1,017,871	62,656	
Total bonds and contracts payable							
		2,047,652	-	(119,693)	1,927,959	122,713	
Compensated absences							
		26,786	6,578	-	33,364	23,484	
Total business-type activities long-term debt							
		<u>\$ 2,074,438</u>	<u>\$ 6,578</u>	<u>\$ (119,693)</u>	<u>\$ 1,961,323</u>	<u>\$ 146,197</u>	

Note 5 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Total interest expense for the year was approximately \$75,000. 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
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	-	-	-	131,674	37,715	169,389
2025	-	-	-	134,902	34,523	169,425
2026-2030	-	-	-	724,713	121,306	846,019
2031-2035	-	-	-	559,894	34,440	594,334
Total	\$ 640,000	\$ 25,600	\$ 665,600	\$ 1,927,959	\$ 359,378	\$ 2,287,337

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 one and one-half 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 one and one-half months of continuous service. Employees may contribute to the plan on a voluntary basis. In accordance with these requirements, the Township contributed \$228,431 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.

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, 2020, the library millages totaled 0.5873 mills (2019 tax roll), which will be remitted to the Rochester Hills Public Library during the Township's fiscal year in the amount of approximately \$853,000.

Required Supplemental Information

Charter Township of Oakland

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended March 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 737,000	\$ 737,000	\$ 740,770	\$ 3,770
Special assessments	45,350	45,350	-	(45,350)
Intergovernmental:				
Federal grants	25,500	25,500	3,000	(22,500)
State sources	1,518,300	1,518,300	1,590,511	72,211
Charges for services	56,350	56,350	66,950	10,600
Fines and forfeitures	60,000	60,000	47,714	(12,286)
Licenses and permits:				
Cable franchise fees	379,000	379,000	374,527	(4,473)
Other licenses and permits	3,300	3,300	2,559	(741)
Interest and rentals:				
Investment earnings	97,500	160,000	208,991	48,991
Rental income	25,600	25,600	28,725	3,125
Other revenue	42,800	42,800	47,964	5,164
Total revenue	2,990,700	3,053,200	3,111,711	58,511
Expenditures				
Current services:				
General government:				
Township board	347,400	361,700	297,381	64,319
Township supervisor	19,600	19,600	16,714	2,886
Manager	210,600	214,600	209,640	4,960
Township treasurer	182,000	182,000	170,211	11,789
Assessor	140,000	140,000	130,570	9,430
Board of review	2,700	2,700	1,102	1,598
Township clerk	315,700	327,000	311,549	15,451
Buildings and grounds	330,800	328,800	206,125	122,675
Elections	25,500	25,500	5,699	19,801
Cemetery	4,000	4,000	2,500	1,500
Public works:				
Roads and projects	623,700	957,122	564,272	392,850
Street lighting	6,100	8,100	7,974	126
Community and economic development:				
Planning commission	108,200	108,200	91,610	16,590
Community programs and development	171,500	183,300	70,932	112,368
Capital outlay	583,500	595,900	299,173	296,727
Total expenditures	3,071,300	3,458,522	2,385,452	1,073,070
Excess of Revenue (Under) Over Expenditures	(80,600)	(405,322)	726,259	1,131,581
Other Financing Sources (Uses)				
Transfers in	188,700	188,700	188,700	-
Transfers out	(1,734,800)	(1,923,900)	(463,323)	1,460,577
Total other financing uses	(1,546,100)	(1,735,200)	(274,623)	1,460,577
Net Change in Fund Balance	(1,626,700)	(2,140,522)	451,636	2,592,158
Fund Balance - Beginning of year, as restated (Note 1)	8,818,100	8,818,100	8,818,100	-
Fund Balance - End of year	\$ 7,191,400	\$ 6,677,578	\$ 9,269,736	\$ 2,592,158

Charter Township of Oakland

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

Year Ended March 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,366,900	\$ 1,366,900	\$ 1,374,086	\$ 7,186
State-shared revenue and grants	-	-	3,652	3,652
Charges for services	225,200	225,200	252,328	27,128
Interest income	11,300	11,300	12,930	1,630
Other revenue	-	-	100	100
Total revenue	1,603,400	1,603,400	1,643,096	39,696
Expenditures				
Current - Public safety	1,984,400	2,173,500	1,921,246	252,254
Capital outlay	1,362,000	1,362,000	198,929	1,163,071
Total expenditures	3,346,400	3,535,500	2,120,175	1,415,325
Excess of Expenditures Over Revenue	(1,743,000)	(1,932,100)	(477,079)	1,455,021
Other Financing Sources				
Transfers in	1,743,000	1,932,100	471,523	(1,460,577)
Sale of capital assets	-	-	5,556	5,556
Total other financing sources	1,743,000	1,932,100	477,079	(1,455,021)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	1,110,868	1,110,868	1,110,868	-
Fund Balance - End of year	<u>\$ 1,110,868</u>	<u>\$ 1,110,868</u>	<u>\$ 1,110,868</u>	<u>\$ -</u>

Charter Township of Oakland

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

Year Ended March 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 2,412,100	\$ 2,412,100	\$ 2,425,015	\$ 12,915
State-shared revenue and grants	-	-	6,445	6,445
Investment income	37,500	37,500	55,739	18,239
Total revenue	2,449,600	2,449,600	2,487,199	37,599
Expenditures				
Current - Public safety	2,420,700	2,420,700	2,211,013	209,687
Capital outlay	7,500	7,500	1,000	6,500
Total expenditures	2,428,200	2,428,200	2,212,013	216,187
Net Change in Fund Balance	21,400	21,400	275,186	253,786
Fund Balance - Beginning of year	3,061,074	3,061,074	3,061,074	-
Fund Balance - End of year	<u>\$ 3,082,474</u>	<u>\$ 3,082,474</u>	<u>\$ 3,336,260</u>	<u>\$ 253,786</u>

Charter Township of Oakland

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

Year Ended March 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,024,800	\$ 1,024,800	\$ 1,030,556	\$ 5,756
State-shared revenue and grants	528,500	528,500	93,777	(434,723)
Charges for services	97,000	97,000	70,630	(26,370)
Investment income	25,000	25,000	31,646	6,646
Other revenue	-	-	9,805	9,805
Total revenue	1,675,300	1,675,300	1,236,414	(438,886)
Expenditures				
Current - Recreation and culture	1,188,700	1,188,700	952,715	235,985
Capital outlay	959,818	969,818	456,550	513,268
Total expenditures	2,148,518	2,158,518	1,409,265	749,253
Other Financing Sources - Transfers in	185,918	185,918	-	(185,918)
Net Change in Fund Balance	(287,300)	(297,300)	(172,851)	124,449
Fund Balance - Beginning of year	1,874,670	1,874,670	1,874,670	-
Fund Balance - End of year	<u>\$ 1,587,370</u>	<u>\$ 1,577,370</u>	<u>\$ 1,701,819</u>	<u>\$ 124,449</u>

Charter Township of Oakland

Required Supplemental Information
 Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)
 Land Preservation

Year Ended March 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 944,900	\$ 944,900	\$ 950,230	\$ 5,330
Intergovernmental	2,210,000	2,210,000	2,195,624	(14,376)
Interest and rentals	19,800	19,800	32,334	12,534
Other revenue	11,000	11,000	18,494	7,494
Total revenue	3,185,700	3,185,700	3,196,682	10,982
Expenditures				
Current services - Recreation and culture	443,200	443,200	286,574	156,626
Capital outlay	3,267,000	3,267,000	3,022,838	244,162
Total expenditures	3,710,200	3,710,200	3,309,412	400,788
Excess of Expenditures Over Revenue	(524,500)	(524,500)	(112,730)	411,770
Other Financing (Uses) Sources				
Transfers out	(352,000)	(352,000)	(352,000)	-
Sale of capital assets	20,000	20,000	-	(20,000)
Total other financing uses	(332,000)	(332,000)	(352,000)	(20,000)
Net Change in Fund Balance	(856,500)	(856,500)	(464,730)	391,770
Fund Balance - Beginning of year	2,242,848	2,242,848	2,242,848	-
Fund Balance - End of year	<u><u>\$ 1,386,348</u></u>	<u><u>\$ 1,386,348</u></u>	<u><u>\$ 1,778,118</u></u>	<u><u>\$ 391,770</u></u>

March 31, 2020

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 or 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:

Fire Fund	Total Revenue	Total Expenditures
Amounts per operating statement	\$ 1,651,296	\$ 2,120,175
Charges for services budgeted as operating transfers	(8,200)	-
Amounts per budget statement	<u>\$ 1,643,096</u>	<u>\$ 2,120,175</u>

Other Supplemental Information

Charter Township of Oakland

	Special Revenue Funds		
	Trails Improvement	Older Persons Commission	OPC Transportation
Assets			
Cash and investments	\$ 1,866,071	\$ 924	\$ 355
Receivables:			
Property taxes receivable	7,077	9,580	3,675
Accrued interest receivable	7,236	-	-
Prepaid expenses and other assets	-	-	-
Total assets	\$ 1,880,384	\$ 10,504	\$ 4,030
Liabilities			
Accounts payable	\$ 11,800	\$ -	\$ -
Due to other governmental units	-	10,504	4,030
Due to other funds	-	-	-
Accrued liabilities and other	1,012	-	-
Total liabilities	12,812	10,504	4,030
Fund Balances			
Nonspendable - Prepaid expenses	-	-	-
Restricted:			
Trails	1,867,572	-	-
Historic District Commission	-	-	-
Library	-	-	-
Total fund balances	1,867,572	-	-
Total liabilities and fund balances	\$ 1,880,384	\$ 10,504	\$ 4,030

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

March 31, 2020

Special Revenue Funds		Debt Service Fund		
Library	Historic District Commission	Debt Service Park/Land Preservation 2008	Total	
\$ 754,968	\$ 564,415	\$ -	\$ 3,186,733	
25,260	4,747	-	50,339	
-	-	-	7,236	
276,738	1,534	-	278,272	
\$ 1,056,966	\$ 570,696	\$ -	\$ 3,522,580	
\$ -	\$ 1,266	\$ -	\$ 13,066	
-	-	-	14,534	
-	404	-	404	
-	4,296	-	5,308	
-	5,966	-	33,312	
276,738	1,534	-	278,272	
-	-	-	1,867,572	
-	563,196	-	563,196	
780,228	-	-	780,228	
1,056,966	564,730	-	3,489,268	
\$ 1,056,966	\$ 570,696	\$ -	\$ 3,522,580	

Charter Township of Oakland

	Special Revenue Funds		
	Trails Improvement	Older Persons Commission	OPC Transportation
Revenue			
Property taxes	\$ 239,491	\$ 321,439	\$ 123,295
Intergovernmental:			
State sources	911	1,563	600
Interest and rentals:			
Investment earnings	40,410	-	-
Rental income	-	-	-
Other revenue	-	-	-
Total revenue	280,812	323,002	123,895
Expenditures			
Current services - Recreation and culture	50,672	323,002	123,895
Capital outlay	277,779	-	-
Debt service	-	-	-
Total expenditures	328,451	323,002	123,895
Excess of Revenue (Under) Over Expenditures	(47,639)	-	-
Other Financing Sources - Transfers in	-	-	-
Net Change in Fund Balances	(47,639)	-	-
Fund Balances - Beginning of year	1,915,211	-	-
Fund Balances - End of year	<u>\$ 1,867,572</u>	<u>\$ -</u>	<u>\$ -</u>

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

Year Ended March 31, 2020

Special Revenue Funds		Debt Service Fund		
Library	Historic District Commission	Debt Service Park/Land Preservation 2008	Total	
\$ 853,052	\$ 160,325	\$ -	\$ 1,697,602	
4,147	780	-	8,001	
10,700	10,637	-	61,747	
-	510	-	510	
-	588	-	588	
867,899	172,840	-	1,768,448	
817,110	124,644	-	1,439,323	
-	14,788	-	292,567	
-	-	352,000	352,000	
817,110	139,432	352,000	2,083,890	
50,789	33,408	(352,000)	(315,442)	
-	-	352,000	352,000	
50,789	33,408	-	36,558	
1,006,177	531,322	-	3,452,710	
\$ 1,056,966	\$ 564,730	\$ -	\$ 3,489,268	

Charter Township of Oakland

Other Supplemental Information
Statement of Fiduciary Net Position
Fiduciary Funds

March 31, 2020

	Lake Improvement	Tax Collections	Total
Assets - Cash and cash equivalents	\$ 78,455	\$ -	\$ 78,455
Liabilities - Accounts payable	7,088	-	7,088
Net Position - Restricted - Lake improvements	<u>\$ 71,367</u>	<u>\$ -</u>	<u>\$ 71,367</u>

Charter Township of Oakland

**Other Supplemental Information
Statement of Changes in Fiduciary Net Position
Custodial Funds**

Year Ended March 31, 2020

	<u>Lake Improvement</u>	<u>Tax Collections</u>	<u>Total Fiduciary Funds</u>
Additions			
Lake improvement assessments	\$ 46,318	\$ -	\$ 46,318
Property tax collections	-	33,309,453	33,309,453
Deductions			
Lake improvements	49,462	-	49,462
Property tax distributions	-	33,309,453	33,309,453
Net Decrease in Fiduciary Net Position	(3,144)	-	(3,144)
Net Position - Beginning of year, as restated	74,511	-	74,511
Net Position - End of year	<u>\$ 71,367</u>	<u>\$ -</u>	<u>\$ 71,367</u>