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# Charter Township of Oakland

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**Financial Report  
with Supplemental Information  
March 31, 2021**

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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, 2021 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, 2021 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Township Board of Trustees  
Charter Township of Oakland

**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 23, 2021

### **Overview of the Financial Statements**

The Charter Township of Oakland's (the "Township") 2021 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- 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 statements. 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 \$86.5 million, composed of \$50.5 million from governmental activities and \$36.0 million from business-type activities. The table below shows a condensed format comparison of net position as of the current date to the prior year.

#### The Township's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current and other assets	\$ 23,435,501	\$ 21,464,639	\$ 16,247,112	\$ 15,199,358	\$ 39,682,613	\$ 36,663,997
Capital assets	28,615,466	28,156,436	23,424,772	23,476,822	52,040,238	51,633,258
Total assets	52,050,967	49,621,075	39,671,884	38,676,180	91,722,851	88,297,255
<b>Liabilities</b>						
Current liabilities	963,753	676,799	951,981	1,026,203	1,915,734	1,703,002
Noncurrent liabilities	606,139	919,686	2,715,332	1,961,323	3,321,471	2,881,009
Total liabilities	1,569,892	1,596,485	3,667,313	2,987,526	5,237,205	4,584,011
<b>Net Position</b>						
Net investment in capital assets	28,295,466	27,516,436	21,524,774	21,636,895	49,820,240	49,153,331
Restricted	13,143,167	11,528,120	-	-	13,143,167	11,528,120
Unrestricted	9,042,442	8,980,034	14,479,797	14,051,759	23,522,239	23,031,793
Total net position	<b>\$ 50,481,075</b>	<b>\$ 48,024,590</b>	<b>\$ 36,004,571</b>	<b>\$ 35,688,654</b>	<b>\$ 86,485,646</b>	<b>\$ 83,713,244</b>

The Township experienced an increase in net position of both the governmental activities and the business-type activities, as revenue exceeded expenditures.

## Charter Township of Oakland

### Management's Discussion and Analysis (Continued)

#### The Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 681,285	\$ 472,416	\$ 4,337,403	\$ 3,865,517	\$ 5,018,688	\$ 4,337,933
Operating grants	836,062	119,594	260,480	328,085	1,096,542	447,679
Capital grants	-	2,191,005	95,774	522,131	95,774	2,713,136
General revenue:						
Property taxes	8,730,690	8,218,259	-	-	8,730,690	8,218,259
Intergovernmental	1,587,695	1,585,094	-	-	1,587,695	1,585,094
Investment earnings	109,036	400,387	170,795	316,493	279,831	716,880
Other revenue	484,161	456,934	902,152	744,488	1,386,313	1,201,422
Total revenue	12,428,929	13,443,689	5,766,604	5,776,714	18,195,533	19,220,403
<b>Expenses</b>						
General government	1,424,971	1,305,454	-	-	1,424,971	1,305,454
Public safety	4,722,772	4,355,354	-	-	4,722,772	4,355,354
Public works	285,806	819,500	-	-	285,806	819,500
Community and economic development	145,157	162,542	-	-	145,157	162,542
Recreation and culture	3,374,538	3,193,522	-	-	3,374,538	3,193,522
Debt service charges	19,200	27,733	-	-	19,200	27,733
Operating expenses other than depreciation	-	-	3,591,748	4,028,900	3,591,748	4,028,900
Depreciation	-	-	876,728	848,592	876,728	848,592
Other nonoperating expenses	-	-	982,211	837,554	982,211	837,554
Total expenses	9,972,444	9,864,105	5,450,687	5,715,046	15,423,131	15,579,151
<b>Change in Net Position</b>	<b>\$ 2,456,485</b>	<b>\$ 3,579,584</b>	<b>\$ 315,917</b>	<b>\$ 61,668</b>	<b>\$ 2,772,402</b>	<b>\$ 3,641,252</b>

Revenue for governmental activities totaled \$12.4 million in 2021. A total of \$8.7 million, or approximately 70 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 2021 due to an increase in taxable values. The General Fund operating millage decreased by 0.0033 mills from the prior year.

Governmental activities revenue decreased by approximately \$1,015,000, primarily due to two factors: Investment earnings decreased by approximately \$291,000 due to falling interest rates. Also, there was a decrease in the amount of grant moneys received during the current year. The Township received a large grant from the State of Michigan during the 2019-2020 fiscal year related to the Stony Creek Ravine Nature Park expansion, and the Township received approximately \$748,000 in grant money related to the COVID-19 public health emergency during the 2020-2021 fiscal year. These funds were used to offset increased expenditures for personal protective equipment, cleaning/sanitizing supplies, payroll for first responders, and increased operating costs in response to the pandemic.

Governmental expenditures increased in total by approximately \$108,000 due to the following factors: public safety expenditures increased in the current year partly due to the hiring of two additional full-time shift firefighters and increased equipment purchases. Public works expenditures decreased in the current year due to the completion of the Adams Road and Gunn Road roundabout project in the 2019-2020 fiscal year.

Net position for the business-type activities increased by approximately \$316,000 from the prior year, mainly due to increased charges for services revenue and decreased operating expenses.

# Charter Township of Oakland

## Management's Discussion and Analysis (Continued)

### Financial Analysis of Township Funds and Budgets

The General Fund ended 2021 with a total fund balance of \$9.3 million, with \$7.2 million in unassigned fund balance. Total General Fund revenue exceeded the amended budget by approximately \$139,000, or 4.8 percent. This surplus is mainly due to greater than expected state-shared revenue. Total expenditures before transfers were under the amended budget by approximately \$500,000, or 20.1 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 \$100,000 and \$146,000, respectively. Many of these items were subsequently reappropriated in the fiscal year 2022 budget. There were also reductions in a number of cost centers due to COVID-19-related issues, such as cancellation of employee trainings/resident programs and the delay of maintenance projects.

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, Police, Parks, and Land Preservation funds all reported favorable budget variances of approximately \$317,000, \$500,000, \$320,000, and \$424,000, respectively, primarily due to pandemic-related grant funding received and capital projects not being started or completed by the conclusion of the fiscal year.

During the 2020-2021 fiscal year, the Township entered into a lease agreement with Six Rivers Conservancy which purchased three parcels of property (approximately \$5.1 million) with money that was fronted by the Township from its lease. (This payment consisted of a \$4,089,545 loan from the General Fund to the Land Preservation Fund, and then the Land Preservation Fund contributed the balance of the funds.) The Township will keep the largest parcel of the property. The two smaller parcels were sold in June 2021 for approximately \$1.3 million; this money will be used by the Land Preservation Fund to begin paying back the General Fund. The Township applied for a State of Michigan MNRTF grant for \$3 million and is expected to receive it in the fall of 2021, which is when the Township will take ownership of the last parcel from Six Rivers Conservancy. The majority of that money will also go toward paying off the General Fund; any remaining balance can be paid back in 10 annual payments with interest beginning on March 1, 2022.

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	Historic District Commission Fund
Unassigned/restricted fund balance	\$ 7,190,359	\$ 1,267,075	\$ 3,807,064	\$ 2,062,100	\$ 2,017,557	\$ 578,369
Tax revenue for next eight months	(515,504)	(956,251)	(1,687,677)	(717,157)	(166,629)	(111,485)
Budgeted use of fund balance in subsequent year	(1,717,550)	-	(54,000)	(723,600)	(882,550)	-
<b>Fund balance in excess of tax revenue for the next eight months and budgeted use</b>	<b>\$ 4,957,305</b>	<b>\$ 310,824</b>	<b>\$ 2,065,387</b>	<b>\$ 621,343</b>	<b>\$ 968,378</b>	<b>\$ 466,884</b>



#### ***Capital Assets and Debt Administration***

At the end of 2021, the Township's governmental activities had approximately \$28.6 million of capital assets, net of depreciation, invested in buildings, land improvements, information technology, equipment, and vehicles. The governmental activities reported approximately \$1.5 million of additions for the year. Major acquisitions were for the EMS bay and fire equipment. The business-type activities reported approximately \$23.4 million of capital assets, net of depreciation, primarily invested in infrastructure assets. The business-type activities reported approximately \$825,000 of additions for the year.

General obligation debt of \$320,000 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 \$2.6 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 \$72 million, or 5.0 percent, increase in taxable values in fiscal year 2021 compared to the previous year. For fiscal year 2022, taxable values have increased by another \$66 million, or 4.4 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 (2021-2022) will see continued attention to our unpaved road system. High on the agenda for resolution this fiscal year is plan development for our water and sewer systems.

#### ***Requests for Further Information***

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

# Charter Township of Oakland

## Statement of Net Position

March 31, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments (Note 2)	\$ 17,215,891	\$ 14,332,308	\$ 31,548,199
Receivables:			
Property taxes receivable	214,112	-	214,112
Receivables from sales to customers on account	-	978,228	978,228
Accrued interest receivable	18,389	108,114	126,503
Other receivables	189,186	-	189,186
Due from other governmental units	394,744	21,400	416,144
Prepaid expenses and other assets	5,403,179	27,647	5,430,826
Restricted assets (Note 1)	-	779,415	779,415
Capital assets: (Note 3)			
Assets not subject to depreciation	21,403,102	640,276	22,043,378
Assets subject to depreciation - Net	7,212,364	22,784,496	29,996,860
Total assets	52,050,967	39,671,884	91,722,851
<b>Liabilities</b>			
Accounts payable	632,766	305,601	938,367
Due to other governmental units	24,442	44,545	68,987
Refundable deposits, bonds, etc.	375	556,149	556,524
Accrued liabilities and other	306,170	45,686	351,856
Noncurrent liabilities: (Note 5)			
Due within one year	511,152	163,664	674,816
Due in more than one year	94,987	2,551,668	2,646,655
Total liabilities	1,569,892	3,667,313	5,237,205
<b>Net Position</b>			
Net investment in capital assets	28,295,466	21,524,774	49,820,240
Restricted:			
Police	3,807,105	-	3,807,105
Fire	1,343,164	-	1,343,164
Cable	117,013	-	117,013
Parks	2,076,805	-	2,076,805
Trails	2,017,557	-	2,017,557
Historic District Commission	579,911	-	579,911
Library	1,095,671	-	1,095,671
Land preservation	2,105,941	-	2,105,941
Unrestricted	9,042,442	14,479,797	23,522,239
Total net position	<u>\$ 50,481,075</u>	<u>\$ 36,004,571</u>	<u>\$ 86,485,646</u>

# Charter Township of Oakland

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,424,971	\$ 99,416	\$ 30,376	\$ -
Public safety	4,722,772	468,301	711,915	-
Public works	285,806	-	-	-
Community and economic development	145,157	-	-	-
Recreation and culture	3,374,538	113,568	93,771	-
Interest on long-term debt	19,200	-	-	-
<b>Total governmental activities</b>	<b>9,972,444</b>	<b>681,285</b>	<b>836,062</b>	<b>-</b>
Business-type activities:				
Sewer Fund	2,177,215	1,957,495	260,326	95,774
Water Fund	2,475,233	1,798,377	-	-
Building	798,239	581,531	154	-
<b>Total business-type activities</b>	<b>5,450,687</b>	<b>4,337,403</b>	<b>260,480</b>	<b>95,774</b>
<b>Total primary government</b>	<b>\$ 15,423,131</b>	<b>\$ 5,018,688</b>	<b>\$ 1,096,542</b>	<b>\$ 95,774</b>

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  
**Net Position** - End of year

## Statement of Activities

Year Ended March 31, 2021

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,295,179)	\$ -	\$ (1,295,179)
(3,542,556)	-	(3,542,556)
(285,806)	-	(285,806)
(145,157)	-	(145,157)
(3,167,199)	-	(3,167,199)
(19,200)	-	(19,200)
(8,455,097)	-	(8,455,097)
-	136,380	136,380
-	(676,856)	(676,856)
-	(216,554)	(216,554)
-	(757,030)	(757,030)
(8,455,097)	(757,030)	(9,212,127)
8,730,690	-	8,730,690
1,587,695	-	1,587,695
109,036	170,795	279,831
369,985	-	369,985
49,120	-	49,120
65,056	902,152	967,208
10,911,582	1,072,947	11,984,529
2,456,485	315,917	2,772,402
48,024,590	35,688,654	83,713,244
<b>\$ 50,481,075</b>	<b>\$ 36,004,571</b>	<b>\$ 86,485,646</b>

# Charter Township of Oakland

	General Fund	Fire Fund	Police Fund	Parks Fund
<b>Assets</b>				
Cash and investments (Note 2)	\$ 5,254,254	\$ 1,073,202	\$ 4,150,348	\$ 2,083,848
Receivables:				
Property taxes receivable	17,154	31,816	77,108	23,861
Accrued interest receivable	8,299	-	7,196	1,447
Other receivables	112,595	76,173	-	373
Due from other governmental units	394,744	-	-	-
Due from other funds	4,089,545	202,125	-	320
Prepaid expenses and other assets	42,707	76,089	41	14,705
<b>Total assets</b>	<b>\$ 9,919,298</b>	<b>\$ 1,459,405</b>	<b>\$ 4,234,693</b>	<b>\$ 2,124,554</b>
<b>Liabilities</b>				
Accounts payable	\$ 94,590	\$ 20,366	\$ 427,225	\$ 18,753
Due to other governmental units	8,324	-	-	-
Due to other funds	202,125	-	-	-
Refundable deposits, bonds, etc.	-	-	-	375
Accrued liabilities and other	160,132	95,875	363	28,621
<b>Total liabilities</b>	<b>465,171</b>	<b>116,241</b>	<b>427,588</b>	<b>47,749</b>
<b>Deferred Inflows of Resources - Unavailable revenue</b>	<b>122,580</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable - Prepaid expenses	42,707	76,089	41	14,705
Restricted:				
Police	-	-	3,807,064	-
Fire	-	1,267,075	-	-
Cable	117,013	-	-	-
Parks	-	-	-	2,062,100
Trails	-	-	-	-
Historic District Commission	-	-	-	-
Library	-	-	-	-
Assigned:				
Subsequent year's budget	1,717,550	-	-	-
Roads	169,000	-	-	-
Beautification	27,992	-	-	-
Bike path	66,926	-	-	-
Unassigned	7,190,359	-	-	-
<b>Total fund balances</b>	<b>9,331,547</b>	<b>1,343,164</b>	<b>3,807,105</b>	<b>2,076,805</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 9,919,298</b>	<b>\$ 1,459,405</b>	<b>\$ 4,234,693</b>	<b>\$ 2,124,554</b>

Governmental Funds  
Balance Sheet

March 31, 2021

Land Preservation Fund	Nonmajor Funds	Total Governmental Funds
\$ 983,923	\$ 3,670,316	\$ 17,215,891
21,283	42,890	214,112
-	1,447	18,389
-	45	189,186
-	-	394,744
-	-	4,291,990
<u>5,268,095</u>	<u>1,542</u>	<u>5,403,179</u>
<b><u>\$ 6,273,301</u></b>	<b><u>\$ 3,716,240</u></b>	<b><u>\$ 27,727,491</u></b>
\$ 70,977	\$ 855	\$ 632,766
-	16,118	24,442
4,089,545	320	4,291,990
-	-	375
<u>6,838</u>	<u>5,808</u>	<u>297,637</u>
4,167,360	23,101	5,247,210
-	-	122,580
5,268,095	1,542	5,403,179
-	-	3,807,064
-	-	1,267,075
-	-	117,013
-	-	2,062,100
-	2,017,557	2,017,557
-	578,369	578,369
-	1,095,671	1,095,671
-	-	1,717,550
-	-	169,000
-	-	27,992
-	-	66,926
<u>(3,162,154)</u>	<u>-</u>	<u>4,028,205</u>
<u>2,105,941</u>	<u>3,693,139</u>	<u>22,357,701</u>
<b><u>\$ 6,273,301</u></b>	<b><u>\$ 3,716,240</u></b>	<b><u>\$ 27,727,491</u></b>

# Charter Township of Oakland

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

March 31, 2021

<b>Fund Balances Reported in Governmental Funds</b>	\$ 22,357,701
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	28,615,466
Certain receivables were earned during the current fiscal year but are not available to pay for current year expenditures	122,580
Bonds payable are not due and payable in the current period and are not reported in the funds	(320,000)
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	(286,139)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 50,481,075</u></b>

# Charter Township of Oakland

	General Fund	Fire Fund	Police Fund	Parks Fund
<b>Revenue</b>				
Property taxes	\$ 773,256	\$ 1,434,377	\$ 2,531,516	\$ 1,075,735
Intergovernmental:				
Federal grants	30,376	437,477	266,995	11,033
State sources	1,575,419	2,692	4,751	68,498
Charges for services	266,661	476,601	-	78,623
Fines and forfeitures	24,235	-	-	-
Licenses and permits:				
Cable franchise fees	369,985	-	-	-
Other licenses and permits	1,020	-	-	-
Interest and rentals:				
Investment earnings	67,343	2,374	13,489	8,237
Rental income	30,300	-	-	-
Other revenue	55,824	-	-	773
<b>Total revenue</b>	<b>3,194,419</b>	<b>2,353,521</b>	<b>2,816,751</b>	<b>1,242,899</b>
<b>Expenditures</b>				
Current services:				
General government	1,518,030	-	-	-
Public safety	-	2,121,225	2,340,677	-
Public works	285,806	-	-	-
Community and economic development	145,157	-	-	-
Recreation and culture	-	-	-	806,565
Capital outlay	60,360	1,123,375	5,229	85,348
Debt service	-	-	-	-
<b>Total expenditures</b>	<b>2,009,353</b>	<b>3,244,600</b>	<b>2,345,906</b>	<b>891,913</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>1,185,066</b>	<b>(891,079)</b>	<b>470,845</b>	<b>350,986</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 4)	-	1,123,375	-	-
Transfers out (Note 4)	(1,123,375)	-	-	-
Sale of capital assets	120	-	-	24,000
<b>Total other financing (uses) sources</b>	<b>(1,123,255)</b>	<b>1,123,375</b>	<b>-</b>	<b>24,000</b>
<b>Net Change in Fund Balances</b>	<b>61,811</b>	<b>232,296</b>	<b>470,845</b>	<b>374,986</b>
<b>Fund Balances - Beginning of year</b>	<b>9,269,736</b>	<b>1,110,868</b>	<b>3,336,260</b>	<b>1,701,819</b>
<b>Fund Balances - End of year</b>	<b>\$ 9,331,547</b>	<b>\$ 1,343,164</b>	<b>\$ 3,807,105</b>	<b>\$ 2,076,805</b>



Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended March 31, 2021

Land Preservation Fund	Nonmajor Funds	Total Governmental Funds
\$ 991,233	\$ 1,924,573	\$ 8,730,690
1,862	299	748,042
4,427	7,652	1,663,439
-	-	821,885
-	-	24,235
-	-	369,985
-	-	1,020
4,149	13,444	109,036
4,445	200	34,945
6,995	1,464	65,056
<u>1,013,111</u>	<u>1,947,632</u>	<u>12,568,333</u>
-	-	1,518,030
-	-	4,461,902
-	-	285,806
-	-	145,157
320,203	1,649,724	2,776,492
50,885	94,037	1,419,234
-	339,200	339,200
<u>371,088</u>	<u>2,082,961</u>	<u>10,945,821</u>
642,023	(135,329)	1,622,512
-	339,200	1,462,575
(339,200)	-	(1,462,575)
25,000	-	49,120
<u>(314,200)</u>	<u>339,200</u>	<u>49,120</u>
327,823	203,871	1,671,632
<u>1,778,118</u>	<u>3,489,268</u>	<u>20,686,069</u>
<b><u>\$ 2,105,941</u></b>	<b><u>\$ 3,693,139</u></b>	<b><u>\$ 22,357,701</u></b>

# 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, 2021**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	\$ 1,671,632
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	(1,006,320)
Capital outlay	1,465,350
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	12,276
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
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	(6,453)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 2,456,485</u></b>

# Charter Township of Oakland

## Proprietary Funds Statement of Net Position

March 31, 2021

	Enterprise Funds			
	Sewer Fund	Water Fund	Building Fund	Total
<b>Assets</b>				
Current assets:				
Cash and investments (Note 2)	\$ 8,731,855	\$ 2,833,533	\$ 2,766,920	\$ 14,332,308
Receivables:				
Receivables from sales to customers on account	322,300	655,928	-	978,228
Accrued interest receivable	90,522	-	17,592	108,114
Due from other governmental units	2,201	19,199	-	21,400
Prepaid expenses and other assets	2,778	7,200	17,669	27,647
Total current assets	9,149,656	3,515,860	2,802,181	15,467,697
Noncurrent assets:				
Restricted assets (Note 1)	779,415	-	-	779,415
Capital assets: (Note 3)				
Assets not subject to depreciation	297,917	342,359	-	640,276
Assets subject to depreciation - Net	8,692,597	14,003,443	88,456	22,784,496
Total noncurrent assets	9,769,929	14,345,802	88,456	24,204,187
Total assets	18,919,585	17,861,662	2,890,637	39,671,884
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	5,933	261,131	38,537	305,601
Due to other governmental units	44,545	-	-	44,545
Refundable deposits, bonds, etc.	-	180,500	375,649	556,149
Accrued liabilities and other	28,033	-	17,653	45,686
Compensated absences	-	-	24,895	24,895
Current portion of long-term debt (Note 5)	138,769	-	-	138,769
Total current liabilities	217,280	441,631	456,734	1,115,645
Noncurrent liabilities:				
Compensated absences	-	-	11,024	11,024
Long-term debt (Note 5)	2,540,644	-	-	2,540,644
Total noncurrent liabilities	2,540,644	-	11,024	2,551,668
Total liabilities	2,757,924	441,631	467,758	3,667,313
<b>Net Position</b>				
Net investment in capital assets	7,090,516	14,345,802	88,456	21,524,774
Unrestricted	9,071,145	3,074,229	2,334,423	14,479,797
Total net position	<u>\$ 16,161,661</u>	<u>\$ 17,420,031</u>	<u>\$ 2,422,879</u>	<u>\$ 36,004,571</u>

## Charter Township of Oakland

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

**Year Ended March 31, 2021**

	Enterprise Funds			
	Sewer Fund	Water Fund	Building Fund	Total
<b>Operating Revenue</b>				
Sale of water	\$ -	\$ 1,798,377	\$ -	\$ 1,798,377
Sewage disposal charges	1,239,563	-	-	1,239,563
Permit revenue	-	-	580,031	580,031
Other operating revenue	145,404	-	1,500	146,904
Total operating revenue	1,384,967	1,798,377	581,531	3,764,875
<b>Operating Expenses</b>				
Cost of water	-	1,382,246	-	1,382,246
Cost of sewage treatment	837,126	-	-	837,126
Other operation and maintenance	44,549	-	-	44,549
Billing and administrative costs	80,523	147,863	-	228,386
Other operating expense	137,828	199,056	-	336,884
Building inspections and related activity	-	-	762,557	762,557
Depreciation	298,063	542,983	35,682	876,728
Total operating expenses	1,398,089	2,272,148	798,239	4,468,476
<b>Operating Loss</b>	(13,122)	(473,771)	(216,708)	(703,601)
<b>Nonoperating Revenue (Expense)</b>				
Investment income	111,905	26,547	32,343	170,795
Interest expense	(45,313)	-	-	(45,313)
Other nonoperating expenses	(733,813)	(203,085)	-	(936,898)
Debt service charges and other	572,528	-	-	572,528
Operating grants	260,326	-	154	260,480
Other nonoperating revenue	-	902,152	-	902,152
Total nonoperating revenue	165,633	725,614	32,497	923,744
<b>Income (Loss) - Before capital contributions</b>	152,511	251,843	(184,211)	220,143
<b>Capital Contributions</b>	95,774	-	-	95,774
<b>Change in Net Position</b>	248,285	251,843	(184,211)	315,917
<b>Net Position - Beginning of year</b>	15,913,376	17,168,188	2,607,090	35,688,654
<b>Net Position - End of year</b>	<u>\$ 16,161,661</u>	<u>\$ 17,420,031</u>	<u>\$ 2,422,879</u>	<u>\$ 36,004,571</u>

# Charter Township of Oakland

## Proprietary Funds Statement of Cash Flows

Year Ended March 31, 2021

	Enterprise Funds			
	Sewer Fund	Water Fund	Building	Total
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 1,397,364	\$ 1,681,348	\$ 581,531	\$ 3,660,243
Payments to suppliers	(1,140,694)	(1,512,781)	(712,142)	(3,365,617)
Payments to employees	-	-	(318,420)	(318,420)
Net cash and cash equivalents provided by (used in) operating activities	256,670	168,567	(449,031)	(23,794)
<b>Cash Flows from Noncapital Financing Activities</b>				
Operating grants and subsidies	260,326	-	154	260,480
Repayments of loans made to other funds	-	-	448	448
Nonoperating items paid (charged) by the County	265,199	(203,085)	-	62,114
Nonoperating grant expenses	(270,846)	-	-	(270,846)
Net cash and cash equivalents provided by (used in) noncapital financing activities	254,679	(203,085)	602	52,196
<b>Cash Flows from Capital and Related Financing Activities</b>				
Receipt of capital charges	93,573	902,152	-	995,725
Purchase of capital assets	(93,444)	(487,089)	(59,160)	(639,693)
Principal and interest paid on capital debt	(162,972)	-	-	(162,972)
Net cash and cash equivalents (used in) provided by capital and related financing activities	(162,843)	415,063	(59,160)	193,060
<b>Cash Flows from Investing Activities</b>				
Interest received on investments	114,168	26,547	39,414	180,129
Purchase of investment securities	(13,578)	(4,114)	(11,058)	(28,750)
Net cash and cash equivalents provided by investing activities	100,590	22,433	28,356	151,379
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	449,096	402,978	(479,233)	372,841
<b>Cash and Cash Equivalents - Beginning of year</b>	6,609,981	1,967,628	2,002,012	10,579,621
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 7,059,077</b>	<b>\$ 2,370,606</b>	<b>\$ 1,522,779</b>	<b>\$ 10,952,462</b>
<b>Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 8,731,855	\$ 2,833,533	\$ 2,766,920	\$ 14,332,308
Less amounts classified as investments	(1,672,778)	(462,927)	(1,244,141)	(3,379,846)
<b>Total cash and cash equivalents</b>	<b>\$ 7,059,077</b>	<b>\$ 2,370,606</b>	<b>\$ 1,522,779</b>	<b>\$ 10,952,462</b>

**Charter Township of Oakland**

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

**Year Ended March 31, 2021**

	Enterprise Funds			
	Sewer Fund	Water Fund	Building	Total
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>				
Operating loss	\$ (13,122)	\$ (473,771)	\$ (216,708)	\$ (703,601)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation	298,063	542,983	35,682	876,728
Changes in assets and liabilities:				
Receivables	12,397	(117,029)	-	(104,632)
Prepaid and other assets	-	-	(644)	(644)
Compensated absences	-	-	9,360	9,360
Accounts payable and other accrued liabilities	(40,668)	216,384	(276,721)	(101,005)
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 256,670</u>	<u>\$ 168,567</u>	<u>\$ (449,031)</u>	<u>\$ (23,794)</u>

**Noncash Capital and Related Financing Activities** - During the year ended March 31, 2021, Oakland County, Michigan constructed approximately \$180,000 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. In addition the Township is responsible for \$874,000 of debt and related premium that was issued by the Oakland-Macomb Interceptor project in order to complete future capital asset additions.

**Charter Township of Oakland**

**Fiduciary Funds  
Statement of Fiduciary Net Position**

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	<b>March 31, 2021</b>
	Total Custodial Funds
	<hr/>
<b>Assets</b> - Cash and cash equivalents	\$ 79,343
<b>Liabilities</b> - Accounts payable	<hr/> 5,177
<b>Net Position</b> - Restricted - Lake improvements	<b><u><u>\$ 74,166</u></u></b>

**Charter Township of Oakland**

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**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**

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**Year Ended March 31, 2021**

	<u>Total Custodial Funds</u>
<b>Additions</b>	
Lake improvement assessments	\$ 46,838
Property tax collections	34,953,375
<b>Deductions</b>	
Lake improvements	44,039
Property tax disbursements	<u>34,953,375</u>
<b>Net Increase in Fiduciary Net Position</b>	2,799
<b>Net Position - Beginning of year</b>	<u>71,367</u>
<b>Net Position - End of year</b>	<u><u>\$ 74,166</u></u>



March 31, 2021

### 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 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, 2021, the Charter Township of Oakland provided \$26,910 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 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 that 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, 2021, the Charter Township of Oakland provided \$619,163 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), as 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.

March 31, 2021

**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. In the current year, interest totaling \$15,038 was capitalized related ongoing projects.

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

Capital Asset Class	Depreciable Life - Years
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 and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to 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 and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to 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 Township'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 exist only 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 2020 property tax revenue was levied and collectible on December 31, 2020 and is recognized as revenue in the year ended March 31, 2021 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 \$192,959 from this sale. At the end of the tax reversion process (approximately three years), the County charges any uncollected taxes back to the Township. Historically, this amount has not been significant.

The 2020 taxable valuation of the Township totaled \$1.52 billion. Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	0.5067 \$	773,256
Library	0.5834	890,310
Parks	0.7049	1,075,735
Fire	0.9399	1,434,377
Police	1.6588	2,531,516
Land Preservation	0.6500	991,233
Older Persons' Commission	0.3200	488,435
OPC Transportation	0.0843	128,656
Trails Improvement	0.1638	249,944
Historic District Commission	0.1096	167,228



March 31, 2021

**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 June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending March 31, 2023.

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 ended 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)**

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Township does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the Township's financial statements for the year ending March 31, 2024.

In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the Township's financial statements for the year ending March 31, 2023.

**Subsequent Events**

On June 10, 2021, the Township sold land that was included in the other assets of the Land Preservation Fund for \$943,563. An additional parcel was sold on June 28, 2021 for \$396,977. These funds will be used to repay a portion of the interfund loan from the General Fund. In addition, another piece of property was sold from the Water Fund for \$208,248.

**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 no 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 eight 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, 2021

**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 bank deposits totaling \$16,332,921 (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 further restricts the Township's governmental fund investments to instruments with a maturity of two years or less at the time of purchase. Commercial paper 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)
<b>Primary Government</b>		
Michigan CLASS investment pool	\$ 2,625,703	0.20
Local government Investment Pool	5,260,617	0.79

**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, 2021, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
Michigan CLASS investment pool	\$ 2,625,703	AAAm	S&P
Local Government Investment Pool	5,260,617	Not rated	N/A

**Concentration of Credit Risk**

The Township places no limit on the amount it may invest in any one issuer. Approximately 10 and 19 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, and 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, 2021:

The Township's investments in the Oakland County LGIP (\$5,260,617) and the Michigan CLASS investment pool (\$2,625,703) 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, 2021, 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	\$ 5,260,617	\$ -	No restrictions	None
Michigan CLASS investment pool	2,625,703	-	No restrictions	None
Total investments measured at NAV	<u>\$ 7,886,320</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, 2021

**Note 3 - Capital Assets**

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

**Governmental Activities**

	Balance April 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance March 31, 2021
Capital assets not being depreciated:					
Land	\$ 20,571,451	\$ -	\$ -	\$ -	\$ 20,571,451
Construction in progress	54,998	(30,478)	807,131	-	831,651
Subtotal	20,626,449	(30,478)	807,131	-	21,403,102
Capital assets being depreciated:					
Infrastructure	2,031,525	-	-	-	2,031,525
Buildings and improvements	11,057,180	-	213,138	-	11,270,318
Machinery and equipment	1,046,917	-	205,477	(160,088)	1,092,306
Vehicles	3,169,412	-	132,925	(58,918)	3,243,419
Office furnishings	485,923	-	-	(1,693)	484,230
Information technology	230,367	-	11,904	(8,998)	233,273
Land improvements	4,573,899	30,478	94,775	-	4,699,152
Subtotal	22,595,223	30,478	658,219	(229,697)	23,054,223
Accumulated depreciation:					
Infrastructure	2,031,525	-	-	-	2,031,525
Buildings and improvements	6,114,450	-	387,716	-	6,502,166
Machinery and equipment	770,599	-	116,409	(160,088)	726,920
Vehicles	2,635,788	-	96,165	(58,918)	2,673,035
Office furnishings	461,906	-	8,571	(1,693)	468,784
Information technology	180,545	-	16,680	(8,998)	188,227
Land improvements	2,870,423	-	380,779	-	3,251,202
Subtotal	15,065,236	-	1,006,320	(229,697)	15,841,859
Net capital assets being depreciated	7,529,987	30,478	(348,101)	-	7,212,364
Net governmental activities capital assets	\$ 28,156,436	\$ -	\$ 459,030	\$ -	\$ 28,615,466

March 31, 2021

**Note 3 - Capital Assets (Continued)**

***Business-type Activities***

	Balance April 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance March 31, 2021
Capital assets not being depreciated - Construction in progress	\$ 550,592	\$ (525,227)	\$ 614,911	\$ -	\$ 640,276
Capital assets being depreciated:					
Sewer system	14,103,596	525,227	5,877	-	14,634,700
Water system	16,291,962	-	144,730	-	16,436,692
Buildings and improvements	6,775	-	-	-	6,775
Machinery and equipment	43,009	-	1,112	-	44,121
Vehicles	45,252	-	58,048	-	103,300
Information technology	30,200	-	-	-	30,200
Subtotal	30,520,794	525,227	209,767	-	31,255,788
Accumulated depreciation:					
Sewer system	5,644,040	-	298,064	-	5,942,104
Water system	1,890,266	-	542,983	-	2,433,249
Buildings and improvements	2,712	-	451	-	3,163
Machinery and equipment	23,788	-	6,366	-	30,154
Vehicles	23,871	-	22,301	-	46,172
Information technology	9,887	-	6,563	-	16,450
Subtotal	7,594,564	-	876,728	-	8,471,292
Net capital assets being depreciated	22,926,230	525,227	(666,961)	-	22,784,496
Net business-type activities capital assets	\$ 23,476,822	\$ -	\$ (52,050)	\$ -	\$ 23,424,772

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

Governmental activities:	
General government	\$ 115,662
Public safety	264,475
Recreation and culture	626,183
Total governmental activities	<u>\$ 1,006,320</u>
Business-type activities:	
Water	\$ 542,983
Sewer	298,063
Building	35,682
Total business-type activities	<u>\$ 876,728</u>

**March 31, 2021**

**Note 3 - Capital Assets (Continued)**

**Construction Commitments**

The Township had ongoing construction projects at the end of the year. For those projects the Township has spent \$1,471,926 to date. The remaining commitments related to the construction projects total \$969,980 as of March 31, 2021.

**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
General Fund	Land Preservation Fund	\$ 4,089,545
Fire Fund	General Fund	202,125
Parks Fund	Nonmajor governmental funds	320
	Total	<u>\$ 4,291,990</u>

The loan owed to the General Fund from the Land Preservation Fund related to money loaned to the Land Preservation Fund in order to purchase a piece of property for the Township. The remaining 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	\$ 1,123,375
Land Preservation Fund	Nonmajor governmental funds	339,200
	Total	<u>\$ 1,462,575</u>

March 31, 2021

**Note 4 - Interfund Receivables, Payables, and Transfers (Continued)**

The transfer from the General Fund to the Fire Fund represents the use of unrestricted resources to finance capital acquisitions; 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, 2021 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 -							
Other debt -							
General Obligation Limited							
Tax Bonds, Series 2008 -							
Amount of issue -							
\$4,100,000							
Maturing through 2022	4.00%	\$320,000	\$ 640,000	\$ -	\$ (320,000)	\$ 320,000	\$ 320,000
Accumulated compensated							
absences			279,686	233,871	(227,418)	286,139	191,152
 Total governmental							
activities long-term							
debt			<u>\$ 919,686</u>	<u>\$ 233,871</u>	<u>\$ (547,418)</u>	<u>\$ 606,139</u>	<u>\$ 511,152</u>

March 31, 2021

**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:							
Direct borrowings and direct placements:							
Oakland-Macomb							
Interceptor Drainage							
District Drain Bonds -							
Series, 2010A -							
Amount of issue -							
\$525,666							
Maturing through 2032							
2.50%		\$21,066-	\$ 346,331	\$ -	\$ (25,098)	\$ 321,233	\$ 25,703
		\$32,960					
Oakland-Macomb							
Interceptor Drainage							
District Drain Bonds -							
Series, 2010B -							
Amount of issue -							
\$135,065							
Maturing through 2031							
1.15% -		\$4,636 -	89,910	-	(6,249)	83,661	6,552
5.90%		\$10,483					
Oakland-Macomb							
Interceptor Drainage							
District Drain Bonds -							
Series, 2011 -							
Amount of issue -							
\$631,878							
Maturing through 2034							
2.50%		\$24,750 -	473,847	-	(28,710)	445,137	29,453
		\$39,477					
Oakland-Macomb							
Interceptor Drainage							
District Drain Bonds -							
Series, 2013A -							
Amount of issue -							
\$1,378,847							
Maturing through 2035							
2.00%		\$56,729 -	1,017,871	-	(62,656)	955,215	63,926
		\$82,659					
Oakland-Macomb							
Interceptor Drainage							
District Drain Bonds -							
Series, 2020A -							
Amount of issue -							
\$770,800							
Maturing through 2041							
2.00% -		\$13,135 -	-	770,800	-	770,800	13,135
5.00%		\$54,090					
Total principal outstanding			1,927,959	770,800	(122,713)	2,576,046	138,769
Unamortized bond premium			-	103,367	-	103,367	-
Total bonds and contracts payable			1,927,959	874,167	(122,713)	2,679,413	138,769
Compensated absences			33,364	2,555	-	35,919	24,895
Total business-type activities long-term debt			<u>\$ 1,961,323</u>	<u>\$ 876,722</u>	<u>\$ (122,713)</u>	<u>\$ 2,715,332</u>	<u>\$ 163,664</u>

March 31, 2021

**Note 5 - Long-term Debt (Continued)**

**Debt Service Requirements to Maturity**

Total interest expense for the year was approximately \$65,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Governmental Activities - Other Debt			Business-type Activities - Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 320,000	\$ 6,400	\$ 326,400	\$ 138,769	\$ 69,524	\$ 208,293
2023	-	-	-	147,222	65,715	212,937
2024	-	-	-	151,343	61,653	212,996
2025	-	-	-	155,582	57,452	213,034
2026	-	-	-	159,712	53,104	212,816
2027-2031	-	-	-	928,276	187,696	1,115,972
2032-2036	-	-	-	635,066	61,936	697,002
2037-2041	-	-	-	260,076	13,211	273,287
Total	\$ 320,000	\$ 6,400	\$ 326,400	\$ 2,576,046	\$ 570,291	\$ 3,146,337

**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 MERS. 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 \$264,199 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 (the "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 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, 2021, the library millages totaled 0.5834 mills (2020 tax roll), which will be remitted to the Rochester Hills Public Library during the Township's fiscal year in the amount of approximately \$890,000.



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## Required Supplemental Information

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# Charter Township of Oakland

## Required Supplemental Information Budgetary Comparison Schedule General Fund

**Year Ended March 31, 2021**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 764,500	\$ 764,500	\$ 773,256	\$ 8,756
Special assessments	7,850	7,850	-	(7,850)
Intergovernmental:				
Federal grants	3,500	26,600	30,376	3,776
State sources	1,551,600	1,384,400	1,575,419	191,019
Charges for services	62,550	62,550	74,161	11,611
Fines and forfeitures	60,000	60,000	24,235	(35,765)
Licenses and permits:				
Cable franchise fees	379,000	379,000	369,985	(9,015)
Other licenses and permits	3,300	3,300	1,020	(2,280)
Interest and rentals:				
Investment earnings	122,300	80,000	67,343	(12,657)
Rental income	30,000	30,000	30,300	300
Other revenue	53,700	64,900	55,824	(9,076)
<b>Total revenue</b>	<b>3,038,300</b>	<b>2,863,100</b>	<b>3,001,919</b>	<b>138,819</b>
<b>Expenditures</b>				
Current services:				
General government:				
Township board	368,950	384,050	306,004	78,046
Township supervisor	19,700	19,700	16,023	3,677
Manager	229,200	229,200	220,738	8,462
Township treasurer	186,600	186,600	175,834	10,766
Assessor	143,000	143,000	131,642	11,358
Board of review	2,700	2,700	1,247	1,453
Township clerk	338,800	349,300	341,522	7,778
Buildings and grounds	317,300	316,300	256,205	60,095
Elections	52,250	67,150	66,315	835
Cemetery	4,000	4,000	2,500	1,500
Public works:				
Roads and projects	432,400	375,400	276,465	98,935
Street lighting	9,100	10,100	9,341	759
Community and economic development:				
Planning commission	109,300	109,300	83,802	25,498
Community programs and development	123,200	113,200	61,355	51,845
Capital outlay	334,000	205,900	60,360	145,540
<b>Total expenditures</b>	<b>2,670,500</b>	<b>2,515,900</b>	<b>2,009,353</b>	<b>506,547</b>
<b>Excess of Revenue Over Expenditures</b>	<b>367,800</b>	<b>347,200</b>	<b>992,566</b>	<b>645,366</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	192,500	192,500	192,500	-
Transfers out	(1,865,900)	(1,035,900)	(1,123,375)	(87,475)
Sale of capital assets	-	-	120	120
<b>Total other financing uses</b>	<b>(1,673,400)</b>	<b>(843,400)</b>	<b>(930,755)</b>	<b>(87,355)</b>
<b>Net Change in Fund Balance</b>	<b>(1,305,600)</b>	<b>(496,200)</b>	<b>61,811</b>	<b>558,011</b>
<b>Fund Balance - Beginning of year</b>	<b>9,269,736</b>	<b>9,269,736</b>	<b>9,269,736</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 7,964,136</b>	<b>\$ 8,773,536</b>	<b>\$ 9,331,547</b>	<b>\$ 558,011</b>

**Charter Township of Oakland**

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

**Year Ended March 31, 2021**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 1,418,300	\$ 1,418,300	\$ 1,434,377	\$ 16,077
State-shared revenue and grants	2,900	402,900	440,169	37,269
Charges for services	424,700	424,700	468,301	43,601
Interest income	8,700	8,700	2,374	(6,326)
Total revenue	1,854,600	2,254,600	2,345,221	90,621
<b>Expenditures</b>				
Current - Public safety	2,086,800	2,171,800	2,121,225	50,575
Capital outlay	1,642,000	1,212,000	1,123,375	88,625
Total expenditures	3,728,800	3,383,800	3,244,600	139,200
<b>Excess of Expenditures Over Revenue</b>	(1,874,200)	(1,129,200)	(899,379)	229,821
<b>Other Financing Sources - Transfers in</b>	1,874,200	1,044,200	1,131,675	87,475
<b>Net Change in Fund Balance</b>	-	(85,000)	232,296	317,296
<b>Fund Balance - Beginning of year</b>	1,110,868	1,110,868	1,110,868	-
<b>Fund Balance - End of year</b>	<u>\$ 1,110,868</u>	<u>\$ 1,025,868</u>	<u>\$ 1,343,164</u>	<u>\$ 317,296</u>

**Charter Township of Oakland**

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

**Year Ended March 31, 2021**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 2,502,800	\$ 2,502,800	\$ 2,531,516	\$ 28,716
State-shared revenue and grants	5,000	251,100	271,746	20,646
Investment income	38,500	38,500	13,489	(25,011)
Total revenue	2,546,300	2,792,400	2,816,751	24,351
<b>Expenditures</b>				
Current - Public safety	2,528,400	2,528,400	2,340,677	187,723
Capital outlay	47,500	47,500	5,229	42,271
Total expenditures	2,575,900	2,575,900	2,345,906	229,994
<b>Excess of Revenue (Under) Over Expenditures</b>	(29,600)	216,500	470,845	254,345
<b>Other Financing Uses - Transfers out</b>	-	(246,100)	-	246,100
<b>Net Change in Fund Balance</b>	(29,600)	(29,600)	470,845	500,445
<b>Fund Balance - Beginning of year</b>	3,336,260	3,336,260	3,336,260	-
<b>Fund Balance - End of year</b>	<u>\$ 3,306,660</u>	<u>\$ 3,306,660</u>	<u>\$ 3,807,105</u>	<u>\$ 500,445</u>

**Charter Township of Oakland**

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

**Year Ended March 31, 2021**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 1,063,400	\$ 1,063,400	\$ 1,075,735	\$ 12,335
State-shared revenue and grants	328,500	89,500	79,531	(9,969)
Charges for services	98,200	83,200	78,623	(4,577)
Investment income	25,000	10,000	8,237	(1,763)
Other revenue	-	-	773	773
Total revenue	1,515,100	1,246,100	1,242,899	(3,201)
<b>Expenditures</b>				
Current - Recreation and culture	1,141,225	1,073,325	806,565	266,760
Capital outlay	804,400	142,700	85,348	57,352
Total expenditures	1,945,625	1,216,025	891,913	324,112
<b>Excess of Revenue (Under) Over Expenditures</b>	(430,525)	30,075	350,986	320,911
<b>Other Financing Sources - Transfers in</b>	25,000	25,000	24,000	(1,000)
<b>Net Change in Fund Balance</b>	(405,525)	55,075	374,986	319,911
<b>Fund Balance - Beginning of year</b>	1,701,819	1,701,819	1,701,819	-
<b>Fund Balance - End of year</b>	<u>\$ 1,296,294</u>	<u>\$ 1,756,894</u>	<u>\$ 2,076,805</u>	<u>\$ 319,911</u>

## Charter Township of Oakland

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

**Year Ended March 31, 2021**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 980,400	\$ 980,400	\$ 991,233	\$ 10,833
Intergovernmental	25,000	1,900	6,289	4,389
Interest and rentals	19,800	14,800	8,594	(6,206)
Other revenue	11,000	11,000	6,995	(4,005)
Total revenue	1,036,200	1,008,100	1,013,111	5,011
<b>Expenditures</b>				
Current services - Recreation and culture	535,575	460,075	320,203	139,872
Capital outlay	277,500	208,500	50,885	157,615
Total expenditures	813,075	668,575	371,088	297,487
<b>Excess of Revenue Over Expenditures</b>	223,125	339,525	642,023	302,498
<b>Other Financing (Uses) Sources</b>				
Transfers out	(339,200)	(455,600)	(339,200)	116,400
Sale of capital assets	20,000	20,000	25,000	5,000
Total other financing uses	(319,200)	(435,600)	(314,200)	121,400
<b>Net Change in Fund Balance</b>	(96,075)	(96,075)	327,823	423,898
<b>Fund Balance - Beginning of year</b>	1,778,118	1,778,118	1,778,118	-
<b>Fund Balance - End of year</b>	<u>\$ 1,682,043</u>	<u>\$ 1,682,043</u>	<u>\$ 2,105,941</u>	<u>\$ 423,898</u>

**Budgetary Information**

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders 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 revenue, expenditures, and changes in fund balance is as follows:

General Fund	Total Revenue	Total Expenditures
Amounts per operating statement	\$ 3,194,419	\$ 2,009,353
Charges for services budgeted as operating transfers	(192,500)	-
Amounts per budget statement	<u>\$ 3,001,919</u>	<u>\$ 2,009,353</u>
Fire Fund	Total Revenue	Total Expenditures
Amounts per operating statement	\$ 2,353,521	\$ 3,244,600
Charges for services budgeted as operating transfers	(8,300)	-
Amounts per budget statement	<u>\$ 2,345,221</u>	<u>\$ 3,244,600</u>

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## Other Supplemental Information

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# Charter Township of Oakland

	Special Revenue Funds		
	Trails Improvement	Older Persons' Commission	OPC Transportation
<b>Assets</b>			
Cash and investments	\$ 2,012,049	\$ 1,604	\$ 616
Receivables:			
Property taxes receivable	5,535	10,981	2,917
Accrued interest receivable	1,447	-	-
Other receivables	-	-	-
Prepaid expenses and other assets	-	-	-
Total assets	<b><u>\$ 2,019,031</u></b>	<b><u>\$ 12,585</u></b>	<b><u>\$ 3,533</u></b>
<b>Liabilities</b>			
Accounts payable	\$ 650	\$ -	\$ -
Due to other governmental units	-	12,585	3,533
Due to other funds	-	-	-
Accrued liabilities and other	824	-	-
Total liabilities	1,474	12,585	3,533
<b>Fund Balances</b>			
Nonspendable - Prepaid expenses	-	-	-
Restricted:			
Trails	2,017,557	-	-
Historic District Commission	-	-	-
Library	-	-	-
Total fund balances	<u>2,017,557</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<b><u>\$ 2,019,031</u></b>	<b><u>\$ 12,585</u></b>	<b><u>\$ 3,533</u></b>

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

**March 31, 2021**

Special Revenue Funds		Debt Service Fund	
Library	Historic District Commission	Debt Service Park/Land Preservation 2008	Total
\$ 1,075,923	\$ 580,124	\$ -	\$ 3,670,316
19,748	3,709	-	42,890
-	-	-	1,447
-	45	-	45
-	1,542	-	1,542
<b>\$ 1,095,671</b>	<b>\$ 585,420</b>	<b>\$ -</b>	<b>\$ 3,716,240</b>
\$ -	\$ 205	\$ -	\$ 855
-	-	-	16,118
-	320	-	320
-	4,984	-	5,808
-	5,509	-	23,101
-	1,542	-	1,542
-	-	-	2,017,557
-	578,369	-	578,369
1,095,671	-	-	1,095,671
1,095,671	579,911	-	3,693,139
<b>\$ 1,095,671</b>	<b>\$ 585,420</b>	<b>\$ -</b>	<b>\$ 3,716,240</b>

# Charter Township of Oakland

	Special Revenue Funds		
	Trails Improvement	Older Persons' Commission	OPC Transportation
<b>Revenue</b>			
Property taxes	\$ 249,944	\$ 488,435	\$ 128,656
Intergovernmental:			
Federal grants	-	-	-
State sources	858	1,497	575
Interest and rentals:			
Investment earnings	9,715	-	-
Rental income	-	-	-
Other revenue	-	-	-
<b>Total revenue</b>	<b>260,517</b>	<b>489,932</b>	<b>129,231</b>
<b>Expenditures</b>			
Current services - Recreation and culture	55,301	489,932	129,231
Capital outlay	55,231	-	-
Debt service	-	-	-
<b>Total expenditures</b>	<b>110,532</b>	<b>489,932</b>	<b>129,231</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>149,985</b>	<b>-</b>	<b>-</b>
<b>Other Financing Sources - Transfers in</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>149,985</b>	<b>-</b>	<b>-</b>
<b>Fund Balances - Beginning of year</b>	<b>1,867,572</b>	<b>-</b>	<b>-</b>
<b>Fund Balances - End of year</b>	<b>\$ 2,017,557</b>	<b>\$ -</b>	<b>\$ -</b>

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

Year Ended March 31, 2021

Special Revenue Funds		Debt Service Fund		
Library	Historic District Commission	Debt Service Park/Land Preservation 2008	Total	
\$ 890,310	\$ 167,228	\$ -	\$ 1,924,573	
-	299	-	299	
3,975	747	-	7,652	
2,047	1,682	-	13,444	
-	200	-	200	
400	1,064	-	1,464	
896,732	171,220	-	1,947,632	
858,027	117,233	-	1,649,724	
-	38,806	-	94,037	
-	-	339,200	339,200	
858,027	156,039	339,200	2,082,961	
38,705	15,181	(339,200)	(135,329)	
-	-	339,200	339,200	
38,705	15,181	-	203,871	
1,056,966	564,730	-	3,489,268	
<b>\$ 1,095,671</b>	<b>\$ 579,911</b>	<b>\$ -</b>	<b>\$ 3,693,139</b>	

**Charter Township of Oakland**

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Other Supplemental Information  
Statement of Fiduciary Net Position  
Custodial Funds

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**March 31, 2021**

	Lake Improvement	Tax Collections	Total
<b>Assets</b> - Cash and cash equivalents	\$ 79,343	\$ -	\$ 79,343
<b>Liabilities</b> - Accounts payable	5,177	-	5,177
<b>Net Position</b> - Restricted - Lake improvements	<u>\$ 74,166</u>	<u>\$ -</u>	<u>\$ 74,166</u>

**Charter Township of Oakland**

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

**Year Ended March 31, 2021**

	Lake Improvement	Tax Collections	Total
<b>Additions</b>			
Lake improvement assessments	\$ 46,838	\$ -	\$ 46,838
Property tax collections	-	34,953,375	34,953,375
<b>Deductions</b>			
Lake improvements	44,039	-	44,039
Property tax distributions	-	34,953,375	34,953,375
<b>Net Increase in Fiduciary Net Position</b>	2,799	-	2,799
<b>Net Position - Beginning of year</b>	71,367	-	71,367
<b>Net Position - End of year</b>	<u>\$ 74,166</u>	<u>\$ -</u>	<u>\$ 74,166</u>