

**Charter Township of Oakland  
Oakland County, Michigan**

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**Financial Report  
with Supplemental Information  
March 31, 2017**

# Charter Township of Oakland

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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, 2017 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Township Board of Trustees  
Charter Township of Oakland

### ***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, 2017 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.

### ***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, as identified in the table of contents, 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 Information*

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

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Plante & Moran, PLLC*

August 1, 2017

# Charter Township of Oakland

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## Management's Discussion and Analysis

### Overview of the Financial Statements

The Charter Township of Oakland's (the "Township") 2017 annual report is presented in conformity with the requirements of GASB Statement No. 34. This annual report consists of four parts - management's discussion and analysis, the basic financial statements, required supplemental information, and other supplemental information, which presents combining statements for nonmajor governmental funds. 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. Not all water-related activity is recorded by the Township as the majority of the system is owned by Oakland County, Michigan.

### 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.

# Charter Township of Oakland

## Management's Discussion and Analysis (Continued)

The Township has three types of funds as follows:

**Governmental Funds** - Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

**Proprietary Funds** - Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information.

**Fiduciary Funds** - The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of net position. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

### Financial Overview

The Township has total net position of \$60.4 million, comprised of \$41.7 million from governmental activities and \$18.7 million from business-type activities. In a condensed format, the table below shows a comparison of the net position as of the current date to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
<b>Assets</b>						
Other assets	\$ 19,456,435	\$ 19,427,216	\$ 11,395,331	\$ 11,351,089	\$ 30,851,766	\$ 30,778,305
Capital assets	<u>24,522,853</u>	<u>24,781,351</u>	<u>9,976,592</u>	<u>10,016,180</u>	<u>34,499,445</u>	<u>34,797,531</u>
Total assets	43,979,288	44,208,567	21,371,923	21,367,269	65,351,211	65,575,836
<b>Liabilities</b>						
Current liabilities	930,656	621,060	317,928	297,412	1,248,584	918,472
Long-term liabilities	<u>2,275,616</u>	<u>1,908,462</u>	<u>2,335,155</u>	<u>2,306,715</u>	<u>4,610,771</u>	<u>4,215,177</u>
Total liabilities	<u>3,206,272</u>	<u>2,529,522</u>	<u>2,653,083</u>	<u>2,604,127</u>	<u>5,859,355</u>	<u>5,133,649</u>
<b>Net Position</b>						
Net investment in capital assets	22,472,853	23,116,351	7,641,437	7,895,439	30,114,290	31,011,790
Restricted	12,242,864	11,387,777	-	-	12,242,864	11,387,777
Unrestricted	<u>6,057,299</u>	<u>7,174,917</u>	<u>11,077,403</u>	<u>10,867,703</u>	<u>17,134,702</u>	<u>18,042,620</u>
Total net position	<u>\$ 40,773,016</u>	<u>\$ 41,679,045</u>	<u>\$ 18,718,840</u>	<u>\$ 18,763,142</u>	<u>\$ 59,491,856</u>	<u>\$ 60,442,187</u>

The Township experienced increases in the net position of the governmental activities and business-type activities as revenue exceeded expenses.

# Charter Township of Oakland

## Management's Discussion and Analysis (Continued)

### Governmental Activities

The following table shows the changes in net position compared to the prior year for the governmental activities:

	Governmental Activities			Percent
	2016	2017	Change	Change
<b>Revenue</b>				
Program revenue:				
Charges for services	\$ 453,548	\$ 489,800	\$ 36,252	8%
Operating grants	58,961	103,575	44,614	76%
General revenue:				
Property taxes	7,124,858	7,350,035	225,177	3%
State-shared revenue	1,306,788	1,360,879	54,091	4%
Investment income	124,894	151,608	26,714	21%
Cable franchise fees	376,602	382,281	5,679	2%
Other revenue	140,493	111,486	(29,007)	-21%
Gain on sale of capital assets	3,000	-	(3,000)	-100%
Total revenue	9,589,144	9,949,664	360,520	4%
<b>Program Expenses</b>				
General government	1,383,659	1,376,130	(7,529)	-1%
Public safety	3,850,348	4,130,875	280,527	7%
Public works	182,424	312,220	129,796	71%
Community and economic development	217,485	263,769	46,284	21%
Recreation and culture	2,084,628	2,892,598	807,970	39%
Interest on long-term debt	82,482	68,043	(14,439)	-18%
Total expenses	7,801,026	9,043,635	1,242,609	15.9%
<b>Change in Net Position</b>	<b>\$ 1,788,118</b>	<b>\$ 906,029</b>	<b>\$ (882,089)</b>	<b>-49%</b>

Revenue for governmental activities totaled \$9.9 million in 2017. A total of \$7.4 million, or approximately 74 percent, of all revenue received by the Township was in the form of property tax collections. Property taxes as a whole increased 3 percent in 2017 due to an increase in taxable values. The general fund operating millage remains unchanged from the prior year.

# Charter Township of Oakland

## Management's Discussion and Analysis (Continued)

While governmental activities revenue increased by approximately \$360,000, expenses increased by approximately \$1,200,000. The increase in public safety expenditures is primarily due to an increase in contracted police services from Oakland County. The increase in recreation and culture expenditures is primarily due to a \$600,000 depreciation adjustment made in the prior year relative to a capital asset purchased in a previous fiscal year and an approximately \$90,000 increase in depreciation expense in the current year.

### Business-type Activities

The following table shows the changes in net position compared to the prior year for the business-type activities:

	Business-type Activities			Percent
	2016	2017	Change	Change
Operating revenue	\$ 1,951,120	\$ 1,884,279	\$ (66,841)	-3%
Operating expenses other than depreciation	1,622,197	1,796,880	174,683	11%
Depreciation and amortization	<u>269,617</u>	<u>285,515</u>	<u>15,898</u>	6%
Operating gain	59,306	(198,116)	(257,422)	-434%
Interest income	85,851	103,267	17,416	20%
Interest expense	(16,991)	(16,227)	764	-4%
Debt service charges and other nonoperating revenue	234,798	197,268	(37,530)	-16%
Other nonoperating expenses	(169,264)	(166,111)	3,153	-2%
Capital grants and contributions	<u>172,554</u>	<u>124,221</u>	<u>(48,333)</u>	-28%
<b>Change in Net Position</b>	<b><u>\$ 366,254</u></b>	<b><u>\$ 44,302</u></b>	<b><u>\$ (321,952)</u></b>	-88%

Net income for the business-type activities decreased by approximately \$257,000 from the prior year, mostly attributable to the expenses increasing in the Sewer Fund by approximately \$108,000, while revenue remained somewhat flat. Building permit revenue was approximately \$79,000 lower in the current fiscal year, while expenses increased from the prior fiscal year by approximately \$60,000.



# **Charter Township of Oakland**

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

### **Current Economic Events**

The Township realized a \$53 million, or 4.5 percent, increase in taxable values in fiscal year 2017 as compared to the previous year. For fiscal year 2018, taxable values have increased another \$58 million, or 4.7 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 (2017/2018) 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. This year, we will also adopt an amended zoning ordinance and land master plan.

### **Financial Analysis of Township Funds and Budgets**

The General Fund ended 2017 with a total fund balance of \$7.5 million, representing an increase of approximately \$767,000 from the previous year, with \$6.9 million being in unassigned fund balance. Total General Fund revenue exceeded the amended budget by approximately \$202,000, or 7.75 percent. This increase is mainly due to increased state-shared revenue and investment income. Total expenditures before transfers were under the amended budget by approximately \$554,000, or 20.4 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 \$306,000 and \$105,000, respectively. Many of these items were subsequently reappropriated in the fiscal year 2018 budget.

Besides the General Fund, the Township reports budgetary comparison schedules for each of its other major special revenue funds, those being the Fire Fund, Police Fund, and Parks Fund. Both the Fire and Police Funds were in line with their amended budgets. Similar to the General Fund, the Parks Fund reported a favorable budget variance of approximately \$458,000 due primarily to capital items not being started or completed by the conclusion of the fiscal year.

# **Charter Township of Oakland**

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

### **Capital Assets and Debt**

At the end of 2017, the Township's governmental activities had approximately \$24.8 million of capital assets, net of depreciation, invested in buildings, land improvements, information technology, equipment, and vehicles. The governmental activities reported approximately \$1.0 million of additions for the year. Major acquisitions were for building and land improvements to Marshview Park, Cranberry Lake, and township buildings. There were many improvements to the Paint Creek Trail, including a new trail connector at the Cider Mill. The business-type activities reported approximately \$10 million of capital assets, net of depreciation, primarily invested in infrastructure assets. The business-type activities report approximately \$324,000 of additions for the year, almost exclusively due to the ongoing Oakland-Macomb Interceptor Drainage project.

General obligation debt of \$1,665,000 is recorded as a liability on the governmental activities statement of net position. Debt relating to the Oakland-Macomb Interceptor Drainage sewer system totaling \$2.3 million is recorded as a liability on the business-type activities statement of net position.

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

### **Contact Us**

This report is intended to aid our residents and other interested parties in understanding the Township's financial condition. Should you have further questions, we welcome you to contact the clerk's office.

# Charter Township of Oakland

## Statement of Net Position March 31, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments (Note 2)	\$ 18,633,727	\$ 10,840,512	\$ 29,474,239
Receivables:			
Property taxes receivable	193,909	-	193,909
Receivables from sales to customers on account	-	269,888	269,888
Accrued interest receivable	40,364	73,653	114,017
Other receivables	162,791	3,291	166,082
Due from other governmental units	352,426	2,646	355,072
Prepaid expenses and other assets	43,999	2,794	46,793
Restricted assets (Note 1)	-	158,305	158,305
Capital assets (Note 3):			
Assets not subject to depreciation	17,719,954	1,911,964	19,631,918
Assets subject to depreciation	7,061,397	8,104,216	15,165,613
<b>Total assets</b>	<b>44,208,567</b>	<b>21,367,269</b>	<b>65,575,836</b>
<b>Liabilities</b>			
Accounts payable	297,922	22,060	319,982
Due to other governmental units	21,658	50,908	72,566
Refundable deposits, bonds, etc.	36,955	184,400	221,355
Accrued liabilities and other	264,525	40,044	304,569
Noncurrent liabilities (Note 5):			
Due within one year	548,648	132,319	680,967
Due in more than one year	1,359,814	2,174,396	3,534,210
<b>Total liabilities</b>	<b>2,529,522</b>	<b>2,604,127</b>	<b>5,133,649</b>
<b>Net Position</b>			
Net investment in capital assets	23,116,351	7,895,439	31,011,790
Restricted for:			
Lake assessments	57,483	-	57,483
Police	3,076,304	-	3,076,304
Fire	1,260,130	-	1,260,130
Cable	100,745	-	100,745
Parks	1,853,751	-	1,853,751
Trails	1,883,310	-	1,883,310
Historic District Commission	503,517	-	503,517
Library	932,357	-	932,357
Land preservation	1,720,180	-	1,720,180
Unrestricted	7,174,917	10,867,703	18,042,620
<b>Total net position</b>	<b>\$ 41,679,045</b>	<b>\$ 18,763,142</b>	<b>\$ 60,442,187</b>

# 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	\$ 1,376,130	\$ 150,890	\$ 3,107	\$ -
Public safety	4,130,875	215,622	8,251	-
Public works	312,220	-	45,278	-
Community and economic development	263,769	-	3,000	-
Recreation and culture	2,892,598	123,288	43,939	-
Interest on long-term debt	68,043	-	-	-
Total governmental activities	9,043,635	489,800	103,575	-
Business-type activities:				
Sewer Fund	1,493,539	1,426,190	-	124,221
Water Fund	50,723	-	-	-
Building	720,471	655,357	-	-
Total business-type activities	2,264,733	2,081,547	-	124,221
Total primary government	<b>\$ 11,308,368</b>	<b>\$ 2,571,347</b>	<b>\$ 103,575</b>	<b>\$ 124,221</b>

General revenue:  
 Property taxes  
 State-shared revenue  
 Investment income  
 Cable franchise fees  
 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, 2017**

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,222,133)	\$ -	\$ (1,222,133)
(3,907,002)	-	(3,907,002)
(266,942)	-	(266,942)
(260,769)	-	(260,769)
(2,725,371)	-	(2,725,371)
(68,043)	-	(68,043)
(8,450,260)	-	(8,450,260)
-	56,872	56,872
-	(50,723)	(50,723)
-	(65,114)	(65,114)
-	(58,965)	(58,965)
(8,450,260)	(58,965)	(8,509,225)
7,350,035	-	7,350,035
1,360,879	-	1,360,879
151,608	103,267	254,875
382,281	-	382,281
111,486	-	111,486
9,356,289	103,267	9,459,556
906,029	44,302	950,331
40,773,016	18,718,840	59,491,856
<b><u>\$ 41,679,045</u></b>	<b><u>\$ 18,763,142</u></b>	<b><u>\$ 60,442,187</u></b>

# Charter Township of Oakland

	General Fund	Fire Fund	Police Fund
<b>Assets</b>			
Cash and investments (Note 2)	\$ 7,297,382	\$ 1,272,675	\$ 3,193,053
Receivables:			
Property taxes receivable	19,714	31,571	55,710
Accrued interest receivable	16,395	-	8,021
Other receivables	119,741	40,312	-
Due from other governmental units	352,426	-	-
Due from other funds	18,707	-	-
Prepaid expenses and other assets	13,326	20,929	59
	<u>\$ 7,837,691</u>	<u>\$ 1,365,487</u>	<u>\$ 3,256,843</u>
Total assets			
<b>Liabilities</b>			
Accounts payable	\$ 47,368	\$ 26,308	\$ 180,154
Due to other governmental units	9,979	-	-
Due to other funds	-	18,372	-
Refundable deposits, bonds, etc.	36,505	-	-
Accrued liabilities and other	145,353	60,677	385
	<u>239,205</u>	<u>105,357</u>	<u>180,539</u>
Total liabilities			
<b>Deferred Inflows of Resources -</b>			
Unavailable revenue	105,406	-	-
<b>Fund Balances</b>			
Nonspendable - Prepaid expenses	13,326	20,929	59
Restricted:			
Lake assessments	57,483	-	-
Police	-	-	3,076,245
Fire	-	1,239,201	-
Cable	100,745	-	-
Parks	-	-	-
Trails	-	-	-
Historic District Commission	-	-	-
Library	-	-	-
Land preservation	-	-	-
Assigned:			
Roads	169,000	-	-
Beautification	22,492	-	-
Bike path	181,109	-	-
Unassigned	6,948,925	-	-
	<u>7,493,080</u>	<u>1,260,130</u>	<u>3,076,304</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,837,691</u>	<u>\$ 1,365,487</u>	<u>\$ 3,256,843</u>

**Governmental Funds  
Balance Sheet  
March 31, 2017**

<u>Parks Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
\$ 1,866,471	\$ 5,004,146	\$ 18,633,727
23,678	63,236	193,909
8,081	7,867	40,364
1,719	684	162,456
-	-	352,426
-	499	19,206
6,037	3,648	43,999
<b><u>\$ 1,905,986</u></b>	<b><u>\$ 5,080,080</u></b>	<b><u>\$ 19,446,087</u></b>
\$ 26,395	\$ 17,697	\$ 297,922
-	11,679	21,658
499	-	18,871
450	-	36,955
24,891	11,340	242,646
52,235	40,716	618,052
-	-	105,406
6,037	3,648	43,999
-	-	57,483
-	-	3,076,245
-	-	1,239,201
-	-	100,745
1,847,714	-	1,847,714
-	1,883,242	1,883,242
-	502,275	502,275
-	932,357	932,357
-	1,717,842	1,717,842
-	-	169,000
-	-	22,492
-	-	181,109
-	-	6,948,925
1,853,751	5,039,364	18,722,629
<b><u>\$ 1,905,986</u></b>	<b><u>\$ 5,080,080</u></b>	<b><u>\$ 19,446,087</u></b>

# Charter Township of Oakland

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## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position March 31, 2017

<b>Fund Balance Reported in Governmental Funds</b>	\$ 18,722,629
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	24,781,351
Certain receivables were earned during the current fiscal year, but are not available to pay for current year expenditures	105,406
Bonds payable are not due and payable in the current period and are not reported in the funds	(1,665,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(21,879)
Employee compensated absences 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	<u>(243,462)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 41,679,045</u></b>



# Charter Township of Oakland

	General Fund	Fire Fund	Police Fund
<b>Revenue</b>			
Property taxes	\$ 654,152	\$ 1,213,548	\$ 2,141,394
Licenses and permits	2,824	-	-
Federal grants	3,000	-	-
State-shared revenue and grants	1,403,029	2,985	5,266
Charges for services	257,225	223,622	-
Fines and forfeitures	65,841	-	-
Investment income	70,199	6,445	26,145
Rental income	24,300	-	-
Other revenue:			
Special assessments	45,278	-	-
Cable franchise fees	382,281	-	-
Other miscellaneous income	81,728	8,262	-
Total revenue	<u>2,989,857</u>	<u>1,454,862</u>	<u>2,172,805</u>
<b>Expenditures</b>			
Current:			
General government	1,186,544	-	-
Public safety	-	1,569,655	2,280,494
Public works	258,077	-	-
Community and economic development	263,769	-	-
Recreation and culture	-	-	-
Other functions - Fringe benefits, insurance, and bonds	215,264	-	-
Capital outlay	231,833	67,704	33,711
Debt service	-	-	-
Total expenditures	<u>2,155,487</u>	<u>1,637,359</u>	<u>2,314,205</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	834,370	(182,497)	(141,400)
<b>Other Financing Sources (Uses)</b>			
Transfers in (Note 4)	-	67,704	-
Transfers out (Note 4)	(67,704)	-	-
<b>Net Change in Fund Balances</b>	766,666	(114,793)	(141,400)
<b>Fund Balances - Beginning of year</b>	<u>6,726,414</u>	<u>1,374,923</u>	<u>3,217,704</u>
<b>Fund Balances - End of year</b>	<u>\$ 7,493,080</u>	<u>\$ 1,260,130</u>	<u>\$ 3,076,304</u>

**Governmental Funds**

**Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Year Ended March 31, 2017**

Parks Fund	Nonmajor Funds	Total
\$ 910,121	\$ 2,430,820	\$ 7,350,035
-	-	2,824
-	30,135	33,135
2,123	11,681	1,425,084
92,968	-	573,815
-	-	65,841
15,726	33,093	151,608
-	6,020	30,320
-	-	45,278
-	-	382,281
2,539	2,166	94,695
<u>1,023,477</u>	<u>2,513,915</u>	<u>10,154,916</u>
-	-	1,186,544
-	-	3,850,149
-	-	258,077
-	-	263,769
782,996	1,599,130	2,382,126
-	-	215,264
572,070	337,997	1,243,315
-	457,856	457,856
<u>1,355,066</u>	<u>2,394,983</u>	<u>9,857,100</u>
(331,589)	118,932	297,816
-	457,856	525,560
<u>(73,937)</u>	<u>(383,919)</u>	<u>(525,560)</u>
(405,526)	192,869	297,816
<u>2,259,277</u>	<u>4,846,495</u>	<u>18,424,813</u>
<u><b>\$ 1,853,751</b></u>	<u><b>\$ 5,039,364</b></u>	<u><b>\$ 18,722,629</b></u>

# Charter Township of Oakland

## **Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended March 31, 2017**

**Net Change in Fund Balances - Total Governmental Funds** \$ 297,816

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:

Capital outlay	1,191,902
Depreciation expense (including adjustments)	(933,404)

Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	(22,252)
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Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	385,000
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Change in accrued interest payable and other	4,813
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Increase in accumulated employee sick and vacation pay reported in the statement of activities does not require the use of current resources and therefore, is not reported in the fund statements until it comes due for payment	<u>(17,846)</u>
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**Change in Net Position of Governmental Activities** \$ 906,029

# Charter Township of Oakland

## Proprietary Funds Statement of Net Position March 31, 2017

	Enterprise Funds			
	Sewer Fund	Building Fund	Nonmajor - Water Fund	Total
<b>Assets</b>				
Current assets:				
Cash and investments (Note 2)	\$ 7,722,916	\$ 2,639,699	\$ 477,897	\$ 10,840,512
Receivables:				
Receivables from sales to customers on account	269,888	-	-	269,888
Accrued interest receivable	54,704	18,949	-	73,653
Other receivables	85	3,206	-	3,291
Due from other governmental units	2,646	-	-	2,646
Prepaid expenses and other assets	-	2,794	-	2,794
Total current assets	<u>8,050,239</u>	<u>2,664,648</u>	<u>477,897</u>	<u>11,192,784</u>
Noncurrent assets:				
Restricted assets (Note 1)	158,305	-	-	158,305
Capital assets (Note 3):				
Assets not subject to depreciation	1,911,964	-	-	1,911,964
Assets subject to depreciation	7,317,257	32,405	754,554	8,104,216
Total noncurrent assets	<u>9,387,526</u>	<u>32,405</u>	<u>754,554</u>	<u>10,174,485</u>
Total assets	<u>17,437,765</u>	<u>2,697,053</u>	<u>1,232,451</u>	<u>21,367,269</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	1,532	18,428	2,100	22,060
Due to other governmental units	50,908	-	-	50,908
Refundable deposits, bonds, etc.	-	184,400	-	184,400
Accrued liabilities and other	27,702	12,342	-	40,044
Current portion of compensated absences	-	17,929	-	17,929
Current portion of long-term debt (Note 5)	114,390	-	-	114,390
Total current liabilities	<u>194,532</u>	<u>233,099</u>	<u>2,100</u>	<u>429,731</u>
Noncurrent liabilities:				
Long term portion of compensated absences	-	9,740	-	9,740
Long-term debt (Note 5)	2,164,656	-	-	2,164,656
Total liabilities	<u>2,359,188</u>	<u>242,839</u>	<u>2,100</u>	<u>2,604,127</u>
<b>Net Position</b>				
Net investment in capital assets	7,108,480	32,405	754,554	7,895,439
Unrestricted	7,970,097	2,421,809	475,797	10,867,703
Total net position	<u>\$ 15,078,577</u>	<u>\$ 2,454,214</u>	<u>\$ 1,230,351</u>	<u>\$ 18,763,142</u>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Charter Township of Oakland

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended March 31, 2017

	Enterprise Funds			Total
	Sewer Fund	Building Fund	Nonmajor - Water Fund	
<b>Operating Revenue</b>				
Sewage disposal charges	\$ 1,163,961	\$ -	\$ -	\$ 1,163,961
Permit revenue	-	651,951	-	651,951
Other operating revenue	64,961	3,406	-	68,367
Total operating revenue	1,228,922	655,357	-	1,884,279
<b>Operating Expenses</b>				
Cost of sewage treatment	816,064	-	-	816,064
Other operation and maintenance	50,292	-	-	50,292
Billing and administrative costs	82,036	-	24,818	106,854
Other operating expense	115,424	-	-	115,424
Building inspections and related activity	-	708,246	-	708,246
Depreciation	247,385	12,225	25,905	285,515
Total operating expenses	1,311,201	720,471	50,723	2,082,395
<b>Operating Loss</b>	(82,279)	(65,114)	(50,723)	(198,116)
<b>Nonoperating Revenue (Expenses)</b>				
Investment income	72,987	26,286	3,994	103,267
Interest expense	(16,227)	-	-	(16,227)
Other nonoperating expenses	(166,111)	-	-	(166,111)
Debt service charges and other	197,268	-	-	197,268
Total nonoperating revenue	87,917	26,286	3,994	118,197
<b>Income (Loss) - Before contributions</b>	5,638	(38,828)	(46,729)	(79,919)
<b>Capital Contributions - Other capital contributions</b>	124,221	-	-	124,221
<b>Change in Net Position</b>	129,859	(38,828)	(46,729)	44,302
<b>Net Position - Beginning of year</b>	14,948,718	2,493,042	1,277,080	18,718,840
<b>Net Position - End of year</b>	<u>\$ 15,078,577</u>	<u>\$ 2,454,214</u>	<u>\$ 1,230,351</u>	<u>\$ 18,763,142</u>

# Charter Township of Oakland

## Proprietary Funds Statement of Cash Flows Year Ended March 31, 2017

	Enterprise Funds			
	Sewer Fund	Building Fund	Nonmajor - Water Fund	Total
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 1,263,284	\$ 655,357	\$ -	\$ 1,918,641
Payments to suppliers	(1,085,747)	(416,610)	(24,330)	(1,526,687)
Payments to employees	-	(255,498)	-	(255,498)
Net cash provided by (used in) operating activities	177,537	(16,751)	(24,330)	136,456
<b>Cash Flows from Nonoperating Financing Activities -</b>				
Nonoperating expenses charged by County	(166,111)	-	-	(166,111)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Receipt of capital charges	118,134	-	-	118,134
Debt service charge	197,268	-	-	197,268
Purchase of capital assets	(28,664)	(1,060)	-	(29,724)
Principal and interest paid on capital debt	(128,028)	-	-	(128,028)
Net cash provided by (used in) capital and related financing activities	158,710	(1,060)	-	157,650
<b>Cash Flows from Investing Activities</b>				
Interest received on investments	56,709	17,010	3,994	77,713
Purchase of investment securities	(12,572)	(10,685)	(128,975)	(152,232)
Net cash provided by (used in) investing activities	44,137	6,325	(124,981)	(74,519)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	214,273	(11,486)	(149,311)	53,476
<b>Cash and Cash Equivalents - Beginning of year</b>	6,140,757	1,488,684	194,659	7,824,100
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 6,355,030</u>	<u>\$ 1,477,198</u>	<u>\$ 45,348</u>	<u>\$ 7,877,576</u>
<b>Statement of Net Position Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 7,722,916	\$ 2,639,699	\$ 477,897	\$ 10,840,512
Less amounts classified as investments	(1,367,886)	(1,162,501)	(432,549)	(2,962,936)
Total cash and cash equivalents	<u>\$ 6,355,030</u>	<u>\$ 1,477,198</u>	<u>\$ 45,348</u>	<u>\$ 7,877,576</u>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>				
Operating loss	\$ (82,279)	\$ (65,114)	\$ (50,723)	\$ (198,116)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation	247,385	12,225	25,905	285,515
Changes in assets and liabilities:				
Receivables	34,362	-	-	34,362
Prepaid and other assets	-	6,257	-	6,257
Accounts payable and other accrued liabilities	(21,931)	(3,758)	488	(25,201)
Accrued and other liabilities	-	33,639	-	33,639
Net cash provided by (used in) operating activities	<u>\$ 177,537</u>	<u>\$ (16,751)</u>	<u>\$ (24,330)</u>	<u>\$ 136,456</u>

**Noncash Capital and Related Financing Activities** - During the year ended March 31, 2017, Oakland County constructed approximately \$295,000 of sewer lines for the Oakland-Macomb Interceptor project, for which the Township incurred long-term debt and reduced restricted assets held at the County.

# Charter Township of Oakland

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## Fiduciary Funds Statement of Fiduciary Assets and Liabilities March 31, 2017

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 53,596
Investments	<u>300,959</u>
Total assets	<u><b>\$ 354,555</b></u>
<b>Liabilities</b>	
Accounts payable	\$ 23,855
Due to other funds	335
Refundable deposits, bonds, etc.	329,424
Accrued liabilities and other	<u>941</u>
Total liabilities	<u><b>\$ 354,555</b></u>

# Charter Township of Oakland

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## Notes to Financial Statements March 31, 2017

### Note I - Nature of Business and 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 board of trustees. The accompanying financial statements present the financial operations of the Township. There are no component units that should be included in the Township's financial statements.

#### Jointly Governed Organizations

The Paint Creek Trailways Commission (the "Commission"), a joint venture agreement, effective on December 23, 1981, was entered into by the Charter Township of Oakland, the Charter Township of Orion, the City of Rochester Hills, Michigan, and the City of Rochester, Michigan for the purpose of establishing and providing for the powers and duties of the Paint Creek Trailways Commission (the "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, 2017, the Charter Township of Oakland provided \$25,186 to the Commission. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Paint Creek Trailways Commission is not considered a part of the reporting entity of the Charter Township of Oakland. Separate financial statements of the joint venture may be obtained at Paint Creek Trailways Commission, 4393 Collins Road, Rochester, Michigan 48306.



# Charter Township of Oakland

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## Notes to Financial Statements March 31, 2017

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

The Older Persons' Commission, an interlocal agreement, effective on March 28, 1985 and amended on August 28, 1995, was entered into by the Charter Township of Oakland, the City of Rochester Hills, Michigan, and the City of Rochester, Michigan for the purpose of establishing an older persons' commission pursuant to the Urban Cooperation Act (P.A. 7 of 1967). The Older Persons' Commission is a separate legal entity for the purpose of providing activities and services for older persons, defined as those individuals 60 years of age or older residing in the governmental units, which are parties to the agreement. The activities and services to be provided include, but are not limited to, the joint ownership and operation of an older persons' activity center and transportation. The Township appoints one member to the Older Persons' Commission. Pursuant to the agreement, each member shall be responsible for its pro-rata share of the budget based upon its assessed valuation of the property. During the fiscal year ended March 31, 2017, the Charter Township of Oakland provided \$394,381 to the Older Persons' Commission. The Older Persons' Commission is not considered a part of the reporting entity of the Charter Township of Oakland. Separate financial statements of the Older Persons' Commission may be obtained at Older Persons' Commission, 650 Letica Drive, Rochester, Michigan 48307.

#### **Accounting and Reporting Principles**

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

#### **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 statements of net position and activities) report information on all of the nonfiduciary activities of the primary government. 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.

# Charter Township of Oakland

## Notes to Financial Statements March 31, 2017

### Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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 and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule 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 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 we have spent certain resources - separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types as follows:

**Governmental Funds** include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, and debt service 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 general 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. 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.

# Charter Township of Oakland

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## Notes to Financial Statements March 31, 2017

### Note 1 - Nature of Business and Significant Accounting Policies (Continued)

**Proprietary Funds** include enterprise funds, which provide goods or services to users in exchange for charges or fees. The Township reports the following funds as “major” enterprise funds:

- The Sewer Fund disposes of sanitary sewage 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** include agency funds, which account for assets held by the Township in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

**Interfund Activity** - During the course of operations, the Township has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental 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.

# Charter Township of Oakland

## Notes to Financial Statements March 31, 2017

### Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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; a receivable has been recorded for this, along with a "deferred inflow."

Proprietary 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, Cash Equivalents, and Investments** - 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 are stated at fair value. Pooled investment income is generally allocated to each fund using a weighted average.

**Restricted Assets** - Unspent bond proceeds held at Oakland County 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 cost at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, \$25,863 of interest expense was capitalized as part of the cost of assets under construction.

# Charter Township of Oakland

## Notes to Financial Statements March 31, 2017

### Note I - Nature of Business and Significant Accounting Policies (Continued)

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

<u>Capital Asset Class</u>	<u>Lives (in Years)</u>
Land improvements	7
Buildings	15-39
Equipment	5-15
Sewer lines	40-50
Infrastructure	10-50
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. The Parks and Land Preservation Funds are generally used to liquidate governmental long-term debt.

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The 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 a future period and so 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.

# Charter Township of Oakland

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## Notes to Financial Statements March 31, 2017

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

#### **Net Position Flow Assumption**

Sometimes the Township will 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 Assumption**

Sometimes the Township will 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 Township itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

# Charter Township of Oakland

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## Notes to Financial Statements March 31, 2017

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

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

#### **Property Tax Revenue**

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are due on February 28 of the following year and are considered delinquent on March 1, at which time penalties and interest are assessed.

The Township's 2016 tax is levied and collectible on December 1, 2016 and is recognized as revenue in the year ended March 31, 2017 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 (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 \$191,417 from this sale. At the end of the tax reversion process (approximately three years), the County charges the Township back for any uncollected taxes. Historically, this amount has not been significant.

# Charter Township of Oakland

## Notes to Financial Statements March 31, 2017

### Note I - Nature of Business and Significant Accounting Policies (Continued)

The 2016 taxable valuation of the Township totaled \$1.24 billion. Taxes were levied as follows:

<u>Purpose</u>	<u>Millage Rate</u>	<u>Revenue</u>
General operating	0.5252	\$ 654,089
Library	0.6050	753,479
Parks	0.7307	910,035
Fire	0.9743	1,213,433
Police	1.7192	2,141,191
Land acquisition	0.6737	839,043
Older persons	0.2280	283,933
OPC transportation	0.0876	109,068
Trail system	0.2435	303,238
Historic district	0.1138	141,699

**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. All sick and vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only when they have matured or come due for payment. All other accrued compensated absences are reported in the government-wide financial statements. 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 and Sewer 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.

**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.



# Charter Township of Oakland

## Notes to Financial Statements March 31, 2017

### Note 2 - Deposits and Investments

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

The Township has designated 16 institutions 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 accordance with statutory authority.

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

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$9,197,652 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

At year end, the Township had the following investments:

Investment	Fair Value	Weighted Average Maturity (Years)
<b>Primary Government</b>		
Michigan CLASS investment pool	\$ 5,003,939	.19
Government Investment Pool	8,462,753	1.43

# Charter Township of Oakland

## Notes to Financial Statements March 31, 2017

### Note 2 - Deposits and Investments (Continued)

**Credit Risk** - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, 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	\$ 5,003,939	AAAm	S&P
Government Investment Pool	8,462,753	Not rated	N/A

**Concentration of Credit Risk** - The Township places no limit on the amount it may invest in any one issuer. Approximately 17 and 29 percent of the Township's cash and investments are in the Michigan CLASS investment pool and the Oakland County Local Government Investment Pool (the "LGIP"), respectively. The LGIP is not registered with the SEC and does not issue a separate report. The fair value position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost.

#### Fair Value Measurements

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

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

The Township has the following recurring fair value measurements as of March 31, 2017:

- The Township's investments in the Oakland County LGIP (\$8,462,753) and Michigan CLASS (\$5,003,939) are measured at net asset value (NAV)

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

# Charter Township of Oakland

## Notes to Financial Statements March 31, 2017

### Note 2 - Deposits and Investments (Continued)

#### Investments in Entities that Calculate Net Asset Value per Share

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

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

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Oakland County Government Investment Pool	\$ 8,462,753	\$ -	No restrictions	None
Michigan CLASS Investment Pool	<u>5,003,939</u>	<u>-</u>	No restrictions	None
Total investments measured at NAV	<u>\$ 13,466,692</u>	<u>\$ -</u>		

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

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A" 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.

# Charter Township of Oakland

## Notes to Financial Statements March 31, 2017

### Note 3 - Capital Assets

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

	Balance April 1, 2016	Additions	Disposals	Balance March 31, 2017	
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 17,543,795	\$ -	\$ -	\$ 17,543,795	
Construction in progress - building improvements	-	176,159	-	176,159	
Subtotal	17,543,795	176,159	-	17,719,954	
Capital assets being depreciated:					
Infrastructure	2,031,525	-	-	2,031,525	
Buildings and improvements	10,459,656	244,499	-	10,704,155	
Machinery and equipment	792,816	78,174	-	870,990	
Vehicles	2,825,678	7,334	-	2,833,012	
Office furnishings	493,315	3,043	-	496,358	
Information technology	210,166	-	-	210,166	
Land improvements	2,045,374	682,693	-	2,728,067	
Subtotal	18,858,530	1,015,743	-	19,874,273	
Accumulated depreciation:					
Infrastructure	1,977,382	54,143	-	2,031,525	
Buildings and improvements	4,590,677	373,019	-	4,963,696	
Machinery and equipment	610,746	49,860	-	660,606	
Vehicles	2,301,052	178,042	-	2,479,094	
Office furnishings	460,345	6,268	-	466,613	
Information technology	133,187	26,347	-	159,534	
Land improvements	1,806,083	245,725	-	2,051,808	
Subtotal	11,879,472	933,404	-	12,812,876	
Net capital assets being depreciated	6,979,058	82,339	-	7,061,397	
Net capital assets	\$ 24,522,853	\$ 258,498	\$ -	\$ 24,781,351	
<b>Business-type Activities</b>					
	Balance April 1, 2016	Reclassifications	Additions	Disposals	Balance March 31, 2017
Capital assets not being depreciated -					
Construction in progress	\$ 2,355,321	\$ (766,999)	\$ 323,642	\$ -	\$ 1,911,964
Capital assets being depreciated:					
Sewer system	11,332,584	766,999	401	-	12,099,984
Water lines	1,036,189	-	-	-	1,036,189
Buildings and improvements	6,775	-	-	-	6,775
Machinery and equipment	26,628	-	-	-	26,628
Vehicles	35,728	-	-	-	35,728
Information technology	1,363	-	1,060	-	2,423
Subtotal	12,439,267	766,999	1,461	-	13,207,727
Accumulated depreciation:					
Sewer system	4,535,342	-	247,385	-	4,782,727
Water lines	255,730	-	25,905	-	281,635
Buildings and improvements	904	-	452	-	1,356
Machinery and equipment	4,037	-	3,805	-	7,842
Vehicles	21,438	-	7,146	-	28,584
Information technology	545	-	822	-	1,367
Subtotal	4,817,996	-	285,515	-	5,103,511
Net capital assets being depreciated	7,621,271	766,999	(284,054)	-	8,104,216
Net capital assets	\$ 9,976,592	\$ -	\$ 39,588	\$ -	\$ 10,016,180

# Charter Township of Oakland

## Notes to Financial Statements March 31, 2017

### Note 3 - Capital Assets (Continued)

During the fiscal year, the Township identified an error related to accumulated depreciation on five parks and recreation buildings. As a result, an adjustment was made to accumulated depreciation and depreciation expense.

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

Governmental activities:		
General government		\$ 112,616
Public safety		277,784
Public works		54,142
Recreation and culture		<u>488,862</u>
Total governmental activities		<u>\$ 933,404</u>
Business-type activities:		
Sewer		\$ 247,385
Water		25,905
Building department		<u>12,225</u>
Total business-type activities		<u>\$ 285,515</u>

**Construction Commitments** - The Township had commitments relating to construction projects in progress totaling approximately \$14,000 as of March 31, 2017.

### Note 4 - Interfund Receivables, Payables, and Transfers

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

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
General Fund	Fire Fund	\$ 18,372
	Agency funds	<u>335</u>
	Total General Fund	18,707
Other governmental funds	Parks Fund	<u>499</u>
	Total	<u>\$ 19,206</u>

# Charter Township of Oakland

## Notes to Financial Statements March 31, 2017

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

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

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Fire Fund	\$ 67,704
Parks Fund	Other governmental funds	73,937
Other governmental funds	Other governmental funds	383,919

The transfer from the General Fund to the Fire Fund represents the use of unrestricted resources to finance capital improvements of the fire department.

The transfers from the Parks Fund and other governmental funds to the other governmental funds represent transfers for debt service.

### 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 can be summarized as follows:

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>							
General Obligation Limited Tax Bonds, Series 2008 - Amount of issue - \$4,100,000	3.5% -	\$320,000 -	\$ 2,050,000	\$ -	\$ 385,000	\$ 1,665,000	\$ 385,000
Maturing through 2022	4.0%	\$385,000					
Accumulated compensated absences			<u>225,616</u>	<u>176,112</u>	<u>158,266</u>	<u>243,462</u>	<u>163,648</u>
Total governmental activities			<u>\$ 2,275,616</u>	<u>\$ 176,112</u>	<u>\$ 543,266</u>	<u>\$ 1,908,462</u>	<u>\$ 548,648</u>

# Charter Township of Oakland

## Notes to Financial Statements March 31, 2017

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

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>							
Oakland-Macomb Interceptor Drainage District Drain Bonds - Series, 2010A - Amount of issue - \$525,666 Maturing through 2032	2.50%	\$21,066 - \$32,960	\$ 440,474	\$ -	\$ 22,679	\$ 417,795	\$ 23,283
Oakland-Macomb Interceptor Drainage District Drain Bonds - Series, 2010B - Amount of issue - \$135,065 Maturing through 2031	1.15% - 5.90%	\$4,636 - \$10,483	112,185	-	5,241	106,944	5,443
Oakland-Macomb Interceptor Drainage District Drain Bonds - Series, 2011 - Amount of issue - \$631,878 Maturing through 2034	2.50%	\$24,750 - \$39,477	581,759	-	25,988	555,771	26,607
Oakland-Macomb Interceptor Drainage District Drain Bonds - Series, 2013A - Amount of issue - \$1,378,847 Maturing through 2035	2.00%	\$56,729 - \$82,659	1,200,737	55,692	57,893	1,198,536	59,057
Total bonds payable			2,335,155	55,692	111,801	2,279,046	114,390
Accumulated compensated absences			-	27,669	-	27,669	17,929
Total business-type activities			\$ 2,335,155	\$ 83,361	\$ 111,801	\$ 2,306,715	\$ 132,319

Total interest expense for the year was approximately \$84,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending March 31	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 385,000	\$ 58,419	\$ 443,419	\$ 114,390	\$ 55,009	\$ 169,399
2019	320,000	44,800	364,800	117,002	52,345	169,347
2020	320,000	32,000	352,000	119,693	49,593	169,286
2021	320,000	19,200	339,200	122,713	46,753	169,466
2022	320,000	6,400	326,400	125,634	43,826	169,460
2023-2027	-	-	-	674,506	172,136	846,642
2028-2032	-	-	-	749,495	85,246	834,741
2033-2037	-	-	-	255,613	11,093	266,706
Total	\$ 1,665,000	\$ 160,819	\$ 1,825,819	\$ 2,279,046	\$ 516,001	\$ 2,795,047

# Charter Township of Oakland

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## Notes to Financial Statements March 31, 2017

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

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

### **Note 6 - Defined Contribution Pension Plan**

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

The Township's contributions for each employee are fully vested after 1½ months of continuous service. Employees may contribute to the plan on a voluntary basis. In accordance with these requirements, the Township contributed \$236,437 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, participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to property loss, torts, errors and omissions, and workers' compensation, and is uninsured for unemployment compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.



# Charter Township of Oakland

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## Notes to Financial Statements March 31, 2017

### **Note 7 - Risk Management (Continued)**

The Michigan Municipal Risk Management Authority's (the "Authority") 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, 2017, the library millages totaled 0.6050 mills (2016 tax roll), which will be remitted to the Rochester Hills Public Library during the Township's 2017-2018 fiscal year in the amount of approximately \$753,000.

### **Note 9 - Subsequent Events**

The financial statements and related disclosures include evaluation of events up through and including August 1, 2017, which is the date the financial statements were available to be issued. During June 2017, after the fiscal year end but before report issuance, the Sewer Fund made a prepayment of \$525,227 to the Oakland Country Treasurer in lieu of participating in the Clinton River Bond Series 2017 as part of the Oakland-Macomb Interceptor Drainage District.

## **Required Supplemental Information**

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# Charter Township of Oakland

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended March 31, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 655,616	\$ 655,616	\$ 654,152	\$ (1,464)
Licenses and permits	1,700	1,700	2,824	1,124
Federal grants	3,000	3,000	3,000	-
State-shared revenue and grants	1,339,956	1,339,956	1,403,029	63,073
Charges for services	54,000	54,000	82,225	28,225
Fines and forfeitures	35,000	35,000	65,841	30,841
Investment income	32,000	32,000	70,199	38,199
Rental income	24,000	24,000	24,300	300
Other revenue:				
Special assessments	53,300	53,300	45,278	(8,022)
Cable franchise fees	374,000	374,000	382,281	8,281
Other miscellaneous income	39,800	39,800	81,728	41,928
Total revenue	2,612,372	2,612,372	2,814,857	202,485
<b>Expenditures</b>				
Current:				
General government:				
Township board	298,830	298,830	289,056	9,774
Township supervisor	16,274	16,274	14,080	2,194
Manager	159,010	159,010	153,486	5,524
Township treasurer	146,316	146,316	133,766	12,550
Assessor	120,163	130,000	127,398	2,602
Board of review	2,500	2,500	1,870	630
Township clerk	202,659	205,516	202,204	3,312
Elections	58,945	58,945	53,051	5,894
Buildings and grounds	246,986	246,986	209,133	37,853
Cemetery	5,000	5,000	2,500	2,500
Total general government	1,256,683	1,269,377	1,186,544	82,833
Public works:				
Roads and projects	558,100	558,100	252,311	305,789
Street lighting	6,100	6,100	5,766	334
Total public works	564,200	564,200	258,077	306,123
Community and economic development:				
Planning commission	136,500	151,500	123,096	28,404
Community programs and development	124,700	164,700	140,673	24,027
Total community and economic development	261,200	316,200	263,769	52,431
Other functions - Fringe benefits, insurance, and bonds				
Capital outlay	209,586	222,590	215,264	7,326
Total expenditures	2,617,372	2,709,070	2,155,487	553,583
<b>Excess of Revenue (Under) Over Expenditures</b>	(5,000)	(96,698)	659,370	756,068
<b>Other Financing Sources (Uses)</b>				
Transfers in	175,000	175,000	175,000	-
Transfers out	(170,000)	(170,000)	(67,704)	102,296
Total other financing sources	5,000	5,000	107,296	102,296
<b>Net Change in Fund Balance</b>	-	(91,698)	766,666	858,364
<b>Fund Balance - Beginning of year</b>	6,726,414	6,726,414	6,726,414	-
<b>Fund Balance - End of year</b>	<b>\$ 6,726,414</b>	<b>\$ 6,634,716</b>	<b>\$ 7,493,080</b>	<b>\$ 858,364</b>

# Charter Township of Oakland

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Fire Fund Year Ended March 31, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 1,215,486	\$ 1,215,486	\$ 1,213,548	\$ (1,938)
State-shared revenue and grants	-	-	2,985	2,985
Charges for services	210,000	210,000	215,622	5,622
Investment income	7,000	7,000	6,445	(555)
Other revenue	-	-	8,262	8,262
Total revenue	<u>1,432,486</u>	<u>1,432,486</u>	<u>1,446,862</u>	<u>14,376</u>
<b>Expenditures</b>				
Current - Public safety	1,504,975	1,611,405	1,569,655	41,750
Capital outlay	<u>170,000</u>	<u>170,000</u>	<u>67,704</u>	<u>102,296</u>
Total expenditures	<u>1,674,975</u>	<u>1,781,405</u>	<u>1,637,359</u>	<u>144,046</u>
<b>Excess of Expenditures Over Revenue</b>	(242,489)	(348,919)	(190,497)	158,422
<b>Other Financing Sources -</b>				
Transfers in	<u>178,000</u>	<u>178,000</u>	<u>75,704</u>	<u>(102,296)</u>
<b>Net Change in Fund Balance</b>	(64,489)	(170,919)	(114,793)	56,126
<b>Fund Balance - Beginning of year</b>	<u>1,374,923</u>	<u>1,374,923</u>	<u>1,374,923</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><b>\$ 1,310,434</b></u>	<u><b>\$ 1,204,004</b></u>	<u><b>\$ 1,260,130</b></u>	<u><b>\$ 56,126</b></u>

# Charter Township of Oakland

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Police Fund Year Ended March 31, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 2,144,608	\$ 2,144,608	\$ 2,141,394	\$ (3,214)
State-shared revenue and grants	-	-	5,266	5,266
Investment income	17,000	17,000	26,145	9,145
Total revenue	2,161,608	2,161,608	2,172,805	11,197
<b>Expenditures</b>				
Current - Public safety	2,376,273	2,376,678	2,280,494	96,184
Capital outlay	16,040	35,040	33,711	1,329
Total expenditures	2,392,313	2,411,718	2,314,205	97,513
<b>Net Change in Fund Balance</b>	(230,705)	(250,110)	(141,400)	108,710
<b>Fund Balance - Beginning of year</b>	3,217,704	3,217,704	3,217,704	-
<b>Fund Balance - End of year</b>	<u>\$ 2,986,999</u>	<u>\$ 2,967,594</u>	<u>\$ 3,076,304</u>	<u>\$ 108,710</u>

# Charter Township of Oakland

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Parks Fund Year Ended March 31, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 911,521	\$ 911,521	\$ 910,121	\$ (1,400)
State-shared revenue and grants	-	-	2,123	2,123
Charges for services	86,800	88,100	92,968	4,868
Investment income	10,000	10,000	15,726	5,726
Other revenue	-	-	2,539	2,539
Total revenue	1,008,321	1,009,621	1,023,477	13,856
<b>Expenditures</b>				
Current - Recreation and culture	937,700	939,000	782,996	156,004
Capital outlay	845,240	860,240	572,070	288,170
Total expenditures	1,782,940	1,799,240	1,355,066	444,174
<b>Other Financing Uses -</b>				
Transfers out	(73,938)	(73,938)	(73,937)	1
<b>Net Change in Fund Balance</b>	(848,557)	(863,557)	(405,526)	458,031
<b>Fund Balance - Beginning of year</b>	2,259,277	2,259,277	2,259,277	-
<b>Fund Balance - End of year</b>	<u>\$ 1,410,720</u>	<u>\$ 1,395,720</u>	<u>\$ 1,853,751</u>	<u>\$ 458,031</u>

# Charter Township of Oakland

## Note to Required Supplemental Information Year Ended March 31, 2017

**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.

Reconciliations of the budgetary comparison schedules to the fund-based statement of changes in fund balance for the General Fund and Fire Fund are as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>
General Fund:		
Amounts per operating statement	\$ 2,989,857	\$ 2,155,487
Charges for services budgeted as operating transfers	<u>(175,000)</u>	<u>-</u>
Amounts per budget statement	<u>\$ 2,814,857</u>	<u>\$ 2,155,487</u>
	<u>Total Revenue</u>	<u>Total Expenditures</u>
Fire Fund:		
Amounts per operating statement	\$ 1,454,862	\$ 1,637,359
Charges for services budgeted as operating transfers	<u>(8,000)</u>	<u>-</u>
Amounts per budget statement	<u>\$ 1,446,862</u>	<u>\$ 1,637,359</u>

## **Other Supplemental Information**

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# Charter Township of Oakland

	Special Revenue Funds			
	Trails Improvement	Land Preservation	Older Persons' Commission	OPC Transportation
<b>Assets</b>				
Cash and investments	\$ 1,871,767	\$ 1,714,262	\$ 1,051	\$ 404
Receivables:				
Property taxes receivable	7,890	21,831	7,387	2,837
Accrued interest receivable	7,867	-	-	-
Other receivables	-	684	-	-
Due from other funds	-	499	-	-
Prepaid expenses and other assets	68	2,338	-	-
<b>Total assets</b>	<b>\$ 1,887,592</b>	<b>\$ 1,739,614</b>	<b>\$ 8,438</b>	<b>\$ 3,241</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,871	\$ 14,500	\$ -	\$ -
Due to other governmental units	-	-	8,438	3,241
Accrued liabilities and other	2,411	4,934	-	-
<b>Total liabilities</b>	<b>4,282</b>	<b>19,434</b>	<b>8,438</b>	<b>3,241</b>
<b>Fund Balances</b>				
Nonspendable - Prepaid expenses	68	2,338	-	-
Restricted:				
Trails	1,883,242	-	-	-
Historic District Commission	-	-	-	-
Library	-	-	-	-
Land preservation	-	1,717,842	-	-
<b>Total fund balances</b>	<b>1,883,310</b>	<b>1,720,180</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,887,592</b>	<b>\$ 1,739,614</b>	<b>\$ 8,438</b>	<b>\$ 3,241</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
March 31, 2017**

Special Revenue Funds		Debt Service Funds	
Library	Historic District Commission	Debt Service Park/Land Preservation 2008	Total Nonmajor Governmental Funds
\$ 912,867	\$ 503,795	\$ -	\$ 5,004,146
19,604	3,687	-	63,236
-	-	-	7,867
-	-	-	684
-	-	-	499
-	1,242	-	3,648
<b>\$ 932,471</b>	<b>\$ 508,724</b>	<b>\$ -</b>	<b>\$ 5,080,080</b>
\$ 114	\$ 1,212	\$ -	\$ 17,697
-	-	-	11,679
-	3,995	-	11,340
114	5,207	-	40,716
-	1,242	-	3,648
-	-	-	1,883,242
-	502,275	-	502,275
932,357	-	-	932,357
-	-	-	1,717,842
932,357	503,517	-	5,039,364
<b>\$ 932,471</b>	<b>\$ 508,724</b>	<b>\$ -</b>	<b>\$ 5,080,080</b>

# Charter Township of Oakland

	Special Revenue Funds			
	Trails Improvement	Land Preservation	Older Persons' Commission	OPC Transportation
<b>Revenue</b>				
Property taxes	\$ 303,267	\$ 839,122	\$ 284,055	\$ 109,114
Federal grants	-	30,135	-	-
State-shared revenue and grants	1,457	4,032	1,365	524
Investment income	17,575	8,469	-	1
Rental income	-	5,120	-	-
Other revenue	-	704	-	-
Total revenue	322,299	887,582	285,420	109,639
<b>Expenditures</b>				
Current - Recreation and culture	96,519	249,014	285,420	109,639
Capital outlay	295,102	9,556	-	-
Debt service	-	-	-	-
Total expenditures	391,621	258,570	285,420	109,639
<b>Excess of Revenue (Under) Over Expenditures</b>	(69,322)	629,012	-	-
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	(383,919)	-	-
Total other financing (uses) sources	-	(383,919)	-	-
<b>Net Change in Fund Balances</b>	(69,322)	245,093	-	-
<b>Fund Balances - Beginning of year</b>	1,952,632	1,475,087	-	-
<b>Fund Balances - End of year</b>	<b>\$ 1,883,310</b>	<b>\$ 1,720,180</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, 2017**

Special Revenue Funds		Debt Service Funds		
Library	Historic District Commission	Debt Service Park/Land Preservation 2008	Total Nonmajor Governmental Funds	
\$ 753,550	\$ 141,712	\$ -	\$ 2,430,820	
-	-	-	30,135	
3,621	682	-	11,681	
3,245	3,803	-	33,093	
-	900	-	6,020	
-	1,462	-	2,166	
<u>760,416</u>	<u>148,559</u>	<u>-</u>	<u>2,513,915</u>	
734,423	124,115	-	1,599,130	
-	33,339	-	337,997	
-	-	457,856	457,856	
<u>734,423</u>	<u>157,454</u>	<u>457,856</u>	<u>2,394,983</u>	
25,993	(8,895)	(457,856)	118,932	
-	-	457,856	457,856	
-	-	-	(383,919)	
<u>-</u>	<u>-</u>	<u>457,856</u>	<u>73,937</u>	
25,993	(8,895)	-	192,869	
906,364	512,412	-	4,846,495	
<u>\$ 932,357</u>	<u>\$ 503,517</u>	<u>\$ -</u>	<u>\$ 5,039,364</u>	

# Charter Township of Oakland

## Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds March 31, 2017

	Agency Funds			Total Agency Funds
	Trust and Agency	Planning Escrow	Tax Collections	
<b>Assets</b>				
Cash and cash equivalents	\$ 941	\$ 52,655	\$ -	\$ 53,596
Investments	-	300,959	-	300,959
Total assets	<b>\$ 941</b>	<b>\$ 353,614</b>	<b>\$ -</b>	<b>\$ 354,555</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 23,855	\$ -	\$ 23,855
Due to other funds	-	335	-	335
Refundable deposits, bonds, etc.	-	329,424	-	329,424
Accrued liabilities and other	941	-	-	941
Total liabilities	<b>\$ 941</b>	<b>\$ 353,614</b>	<b>\$ -</b>	<b>\$ 354,555</b>