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# Charter Township of Oakland

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**Financial Report  
with Supplemental Information  
March 31, 2019**

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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, 2019 and the related notes to the financial statements, which collectively comprise the Charter Township of Oakland's basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Oakland as of March 31, 2019 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Township Board of Trustees  
Charter Township of Oakland

**Other Matters**

*Required Supplemental Information*

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

*Other Supplemental Information*

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

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

*Plante & Moran, PLLC*

July 16, 2019

### Overview of the Financial Statements

The Charter Township of Oakland's (the "Township") 2019 annual report is presented in conformity with the requirements of GASB Statement No. 34. This annual report consists of four parts - management's discussion and analysis, the basic financial statements, required supplemental information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the Township. The first two statements are government-wide financial statements that provide both long- and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

### Government-wide Statements

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

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

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

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

### Fund Financial Statements

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

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

## Charter Township of Oakland

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

#### Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. The Township has total net position of \$80.1 million, composed of \$44.5 million from governmental activities and \$35.6 million from business-type activities. The table below shows a condensed format comparison of the net position as of the current date to prior year.

#### The Township's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets	\$ 21,618,670	\$ 20,992,569	\$ 14,149,553	\$ 13,965,823	\$ 35,768,223	\$ 34,958,392
Capital assets	24,992,474	24,650,816	24,090,555	24,565,829	49,083,029	49,216,645
Total assets	46,611,144	45,643,385	38,240,108	38,531,652	84,851,252	84,175,037
<b>Liabilities</b>						
Current liabilities	880,968	875,564	538,684	396,802	1,419,652	1,272,366
Noncurrent liabilities	1,210,659	1,540,792	2,074,438	2,188,072	3,285,097	3,728,864
Total liabilities	2,091,627	2,416,356	2,613,122	2,584,874	4,704,749	5,001,230
<b>Net Position</b>						
Net investment in capital assets	24,032,474	23,370,816	22,298,881	22,966,437	46,331,355	46,337,253
Restricted	11,901,769	11,696,589	-	-	11,901,769	11,696,589
Unrestricted	8,585,274	8,159,624	13,328,105	12,980,341	21,913,379	21,139,965
Total net position	<b>\$ 44,519,517</b>	<b>\$ 43,227,029</b>	<b>\$ 35,626,986</b>	<b>\$ 35,946,778</b>	<b>\$ 80,146,503</b>	<b>\$ 79,173,807</b>

The Township experienced an increase in the net position of the governmental activities and a decrease in the net position of the business-type activities, as expenses exceeded revenue. In the current year, there were more maintenance and repairs expenses related to the water system.

# Charter Township of Oakland

## Management's Discussion and Analysis (Continued)

### The Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 429,971	\$ 473,207	\$ 4,045,437	\$ 3,717,176	\$ 4,475,408	\$ 4,190,383
Operating grants	78,044	83,632	-	-	78,044	83,632
Capital grants	-	-	71,349	91,070	71,349	91,070
General revenue:						
Property taxes	7,751,658	7,500,571	-	-	7,751,658	7,500,571
Intergovernmental	1,515,759	1,472,070	-	-	1,515,759	1,472,070
Investment earnings	401,292	200,943	236,467	140,270	637,759	341,213
Other revenue	436,490	454,644	793,182	635,685	1,229,672	1,090,329
Total revenue	10,613,214	10,185,067	5,146,435	4,584,201	15,759,649	14,769,268
<b>Expenses</b>						
General government	1,482,582	1,369,386	-	-	1,482,582	1,369,386
Public safety	4,391,403	4,062,201	-	-	4,391,403	4,062,201
Public works	335,474	210,206	-	-	335,474	210,206
Community and economic development	195,384	213,884	-	-	195,384	213,884
Recreation and culture	2,875,350	2,727,799	-	-	2,875,350	2,727,799
Debt service	40,533	53,607	50,981	28,995	91,514	82,602
Operating expenses other than depreciation	-	-	3,555,525	2,863,531	3,555,525	2,863,531
Depreciation	-	-	845,450	844,926	845,450	844,926
Other nonoperating expenses	-	-	1,014,271	689,220	1,014,271	689,220
Total expenses	9,320,726	8,637,083	5,466,227	4,426,672	14,786,953	13,063,755
<b>Special Item</b>	-	-	-	17,026,107	-	17,026,107
<b>Change in Net Position</b>	<b>\$ 1,292,488</b>	<b>\$ 1,547,984</b>	<b>\$ (319,792)</b>	<b>\$ 17,183,636</b>	<b>\$ 972,696</b>	<b>\$ 18,731,620</b>

Revenue for governmental activities totaled \$10.6 million in 2019. A total of \$7.8 million, or approximately 73 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 2019 due to an increase in taxable values. The General Fund operating millage decreased 0.0041 mills from the prior year.

Governmental activities revenue increased by approximately \$428,000, and expenses increased by approximately \$684,000. The increase in public works expenditures is primarily due to an increase in depreciation expense and road matching funds in special assessment districts from the previous year. The increase in public safety expenditures was primarily driven by increases in firefighter overtime and firefighter volunteer pay.

Change in net position for the business-type activities decreased by approximately \$17.5 million from the prior year, mostly attributable to the prior year capital contribution involved as part of the Township taking over the water system from Oakland County, Michigan.

# Charter Township of Oakland

## Management's Discussion and Analysis (Continued)

### Financial Analysis of Township Funds and Budgets

The General Fund ended 2019 with a total fund balance of \$8.9 million, representing an increase of approximately \$0.4 million from the previous year, with \$6.5 million being in unassigned fund balance. Total General Fund revenue exceeded the amended budget by approximately \$98,000, or 3.38 percent. This increase is mainly due to increased investment income. Total expenditures before transfers were under the amended budget by approximately \$746,000, or 25.8 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 \$338,000 and \$134,000, respectively. Many of these items were subsequently reappropriated in the fiscal year 2020 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 \$616,000 primarily due to capital items not being started or completed by the conclusion of the fiscal year.

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

	General Fund	Fire Fund	Police Fund	Parks Fund	Trails Improvement	Land Preservation	Historic District Commission
Unassigned/restricted fund balance	\$ 6,512,594	\$ 1,043,033	\$ 3,061,030	\$ 1,860,835	\$ 1,915,211	\$ 2,239,001	\$ 529,491
Tax revenue for next eight months	(471,255)	(874,180)	(1,542,663)	(655,629)	(91,650)	(604,496)	(102,058)
Budgeted use of fund balance in subsequent year	<u>(1,626,700)</u>	<u>-</u>	<u>-</u>	<u>(287,300)</u>	<u>(401,950)</u>	<u>(856,500)</u>	<u>(21,808)</u>
Fund balance in excess of tax revenue for the next eight months and budgeted use	<b><u>\$ 4,414,639</u></b>	<b><u>\$ 168,853</u></b>	<b><u>\$ 1,518,367</u></b>	<b><u>\$ 917,906</u></b>	<b><u>\$ 1,421,611</u></b>	<b><u>\$ 778,005</u></b>	<b><u>\$ 405,625</u></b>

### Capital Assets and Debt Administration

At the end of 2019, the Township's governmental activities had approximately \$25.0 million of capital assets, net of depreciation, invested in buildings, land improvements, information technology, equipment, and vehicles. The governmental activities reported approximately \$1.2 million of additions for the year. Major acquisitions were for equipment, vehicles, and land improvements. The business-type activities reported approximately \$24.1 million of capital assets, net of depreciation, primarily invested in infrastructure assets. The business-type activities report approximately \$370,000 of additions for the year.

General obligation debt of \$960,000 is recorded as a liability on the governmental activities statement of net position. Debt relating to the Oakland-Macomb Interceptor Drainage sewer system totaling approximately \$2.0 million is recorded as a liability on the business-type activities statement of net position.

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



#### **Current Economic Events**

The Township realized a \$69 million, or 5.3 percent, increase in taxable values in fiscal year 2019 as compared to the previous year. For fiscal year 2020, taxable values have increased another \$78 million, or 5.7 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 (2019/2020) will see continued attention to our unpaved road system. High on the agenda for resolution this fiscal year is plan development for our water and sewer systems.

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

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

# Charter Township of Oakland

## Statement of Net Position

March 31, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments (Note 2)	\$ 20,398,954	\$ 12,838,251	\$ 33,237,205
Receivables:			
Property taxes receivable	240,737	-	240,737
Receivables from sales to customers on account	-	921,208	921,208
Accrued interest receivable	57,130	97,882	155,012
Other receivables	151,996	5,165	157,161
Due from other governmental units	347,161	5,384	352,545
Prepaid expenses and other assets	422,692	25,685	448,377
Restricted assets (Note 1)	-	255,978	255,978
Capital assets: (Note 3)			
Assets not subject to depreciation	17,674,596	393,920	18,068,516
Assets subject to depreciation - Net	7,317,878	23,696,635	31,014,513
Total assets	46,611,144	38,240,108	84,851,252
<b>Liabilities</b>			
Accounts payable	541,675	131,846	673,521
Due to other governmental units	23,637	28,166	51,803
Refundable deposits, bonds, etc.	34,607	343,500	378,107
Accrued liabilities and other	281,049	35,172	316,221
Noncurrent liabilities: (Note 5)			
Due within one year	496,030	137,477	633,507
Due in more than one year	714,629	1,936,961	2,651,590
Total liabilities	2,091,627	2,613,122	4,704,749
<b>Net Position</b>			
Net investment in capital assets	24,032,474	22,298,881	46,331,355
Restricted:			
Lake assessments	51,138	-	51,138
Police	3,061,074	-	3,061,074
Fire	1,110,868	-	1,110,868
Cable	108,461	-	108,461
Parks	1,874,670	-	1,874,670
Trails	1,915,211	-	1,915,211
Historic District Commission	531,322	-	531,322
Library	1,006,177	-	1,006,177
Land preservation	2,242,848	-	2,242,848
Unrestricted	8,585,274	13,328,105	21,913,379
Total net position	<u>\$ 44,519,517</u>	<u>\$ 35,626,986</u>	<u>\$ 80,146,503</u>

# Charter Township of Oakland

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,482,582	\$ 100,918	\$ -	\$ -
Public safety	4,391,403	205,850	11,703	-
Public works	335,474	-	45,273	-
Community and economic development	195,384	-	3,000	-
Recreation and culture	2,875,350	123,203	18,068	-
Interest on long-term debt	40,533	-	-	-
Total governmental activities	9,320,726	429,971	78,044	-
Business-type activities:				
Sewer Fund	1,928,677	1,762,410	-	71,349
Water Fund	2,755,258	1,333,617	-	-
Building	782,292	949,410	-	-
Total business-type activities	5,466,227	4,045,437	-	71,349
Total primary government	<b>\$ 14,786,953</b>	<b>\$ 4,475,408</b>	<b>\$ 78,044</b>	<b>\$ 71,349</b>

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

Total general revenue

**Change in Net Position**  
**Net Position** - Beginning of year  
**Net Position** - End of year

## Statement of Activities

Year Ended March 31, 2019

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,381,664)	\$ -	\$ (1,381,664)
(4,173,850)	-	(4,173,850)
(290,201)	-	(290,201)
(192,384)	-	(192,384)
(2,734,079)	-	(2,734,079)
(40,533)	-	(40,533)
(8,812,711)	-	(8,812,711)
-	(94,918)	(94,918)
-	(1,421,641)	(1,421,641)
-	167,118	167,118
-	(1,349,441)	(1,349,441)
(8,812,711)	(1,349,441)	(10,162,152)
7,751,658	-	7,751,658
1,515,759	-	1,515,759
401,292	236,467	637,759
380,021	-	380,021
650	-	650
55,819	793,182	849,001
10,105,199	1,029,649	11,134,848
1,292,488	(319,792)	972,696
43,227,029	35,946,778	79,173,807
<b>\$ 44,519,517</b>	<b>\$ 35,626,986</b>	<b>\$ 80,146,503</b>

# Charter Township of Oakland

	General Fund	Fire Fund	Police Fund	Parks Fund
<b>Assets</b>				
Cash and investments (Note 2)	\$ 8,421,843	\$ 1,055,000	\$ 3,358,097	\$ 1,913,696
Receivables:				
Property taxes receivable	27,463	39,671	70,007	29,753
Accrued interest receivable	27,218	-	6,219	8,604
Other receivables	104,305	45,109	-	2,044
Due from other governmental units	347,161	-	-	-
Prepaid expenses and other assets	335,300	67,835	44	13,835
<b>Total assets</b>	<b>\$ 9,263,290</b>	<b>\$ 1,207,615</b>	<b>\$ 3,434,367</b>	<b>\$ 1,967,932</b>
<b>Liabilities</b>				
Accounts payable	\$ 42,470	\$ 31,483	\$ 372,939	\$ 69,570
Due to other governmental units	9,352	-	-	-
Refundable deposits, bonds, etc.	34,157	-	-	450
Accrued liabilities and other	168,979	65,264	354	23,242
<b>Total liabilities</b>	<b>254,958</b>	<b>96,747</b>	<b>373,293</b>	<b>93,262</b>
<b>Deferred Inflows of Resources - Unavailable revenue</b>	<b>115,721</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable - Prepaid expenses	335,300	67,835	44	13,835
Restricted:				
Lake assessments	51,138	-	-	-
Police	-	-	3,061,030	-
Fire	-	1,043,033	-	-
Cable	108,461	-	-	-
Parks	-	-	-	1,860,835
Trails	-	-	-	-
Historic District Commission	-	-	-	-
Library	-	-	-	-
Land preservation	-	-	-	-
Assigned:				
Subsequent year's budget	1,626,700	-	-	-
Roads	169,000	-	-	-
Beautification	22,492	-	-	-
Bike path	66,926	-	-	-
Unassigned	6,512,594	-	-	-
<b>Total fund balances</b>	<b>8,892,611</b>	<b>1,110,868</b>	<b>3,061,074</b>	<b>1,874,670</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 9,263,290</b>	<b>\$ 1,207,615</b>	<b>\$ 3,434,367</b>	<b>\$ 1,967,932</b>

Governmental Funds  
Balance Sheet

March 31, 2019

Nonmajor Funds	Total Governmental Funds
\$ 5,650,318	\$ 20,398,954
73,843	240,737
15,089	57,130
538	151,996
-	347,161
5,678	422,692
<b><u>\$ 5,745,466</u></b>	<b><u>\$ 21,618,670</u></b>
\$ 25,213	\$ 541,675
14,285	23,637
-	34,607
10,410	268,249
49,908	868,168
-	115,721
5,678	422,692
-	51,138
-	3,061,030
-	1,043,033
-	108,461
-	1,860,835
1,915,211	1,915,211
529,491	529,491
1,006,177	1,006,177
2,239,001	2,239,001
-	1,626,700
-	169,000
-	22,492
-	66,926
-	6,512,594
5,695,558	20,634,781
<b><u>\$ 5,745,466</u></b>	<b><u>\$ 21,618,670</u></b>

# Charter Township of Oakland

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

March 31, 2019

<b>Fund Balances Reported in Governmental Funds</b>	\$ 20,634,781
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	24,992,474
Certain receivables were earned during the current fiscal year, but are not available to pay for current year expenditures	115,721
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(960,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(12,800)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities - Employee compensated absences	(250,659)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 44,519,517</u></b>

## Charter Township of Oakland

	General Fund	Fire Fund	Police Fund	Parks Fund
<b>Revenue</b>				
Property taxes	\$ 706,883	\$ 1,311,270	\$ 2,313,994	\$ 983,443
Special assessments	45,273	-	-	-
Intergovernmental:				
Federal grants	3,000	-	-	-
State sources	1,511,913	5,835	5,868	2,494
Charges for services	240,665	213,850	-	90,698
Fines and forfeitures	42,222	-	-	-
Licenses and permits:				
Cable franchise fees	380,021	-	-	-
Other licenses and permits	3,031	-	-	-
Interest and rentals:				
Investment earnings	189,295	13,090	59,370	35,757
Rental income	27,750	-	-	-
Other revenue	40,960	-	-	6,853
<b>Total revenue</b>	<b>3,191,013</b>	<b>1,544,045</b>	<b>2,379,232</b>	<b>1,119,245</b>
<b>Expenditures</b>				
Current services:				
General government	1,234,957	-	-	-
Public safety	-	1,846,014	2,333,301	-
Public works	334,531	-	-	-
Other functions - Fringe benefits, insurance, and bonds	214,186	-	-	-
Community and economic development	195,384	-	-	-
Recreation and culture	-	-	-	851,325
Capital outlay	162,629	441,489	10,196	202,789
Debt service	-	-	-	-
<b>Total expenditures</b>	<b>2,141,687</b>	<b>2,287,503</b>	<b>2,343,497</b>	<b>1,054,114</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>1,049,326</b>	<b>(743,458)</b>	<b>35,735</b>	<b>65,131</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 4)	-	650,841	-	-
Transfers out (Note 4)	(650,841)	-	-	-
Sale of capital assets	-	650	-	-
<b>Total other financing (uses) sources</b>	<b>(650,841)</b>	<b>651,491</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>398,485</b>	<b>(91,967)</b>	<b>35,735</b>	<b>65,131</b>
<b>Fund Balances - Beginning of year</b>	<b>8,494,126</b>	<b>1,202,835</b>	<b>3,025,339</b>	<b>1,809,539</b>
<b>Fund Balances - End of year</b>	<b>\$ 8,892,611</b>	<b>\$ 1,110,868</b>	<b>\$ 3,061,074</b>	<b>\$ 1,874,670</b>



Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended March 31, 2019

	Nonmajor Funds	Total Governmental Funds	
	\$ 2,436,068	\$ 7,751,658	
	-	45,273	
	8,365	11,365	
	7,209	1,533,319	
	-	545,213	
	-	42,222	
	-	380,021	
	-	3,031	
	103,780	401,292	
	4,755	32,505	
	8,006	55,819	
	2,568,183	10,801,718	
	-	1,234,957	
	-	4,179,315	
	-	334,531	
	-	214,186	
	-	195,384	
	1,694,556	2,545,881	
	303,627	1,120,730	
	364,800	364,800	
	2,362,983	10,189,784	
	205,200	611,934	
	364,800	1,015,641	
	(364,800)	(1,015,641)	
	-	650	
	-	650	
	205,200	612,584	
	5,490,358	20,022,197	
	<b>\$ 5,695,558</b>	<b>\$ 20,634,781</b>	

## Charter Township of Oakland

### Governmental Funds

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

**Year Ended March 31, 2019**

<b>Net Change in Fund Balance Reported in Governmental Funds</b>	<b>\$ 612,584</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(854,547)
Capital outlay	1,196,205
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	3,846
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	320,000
Interest expense is recognized in the government-wide statements as it accrues	4,267
Some employee costs (compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	10,133
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 1,292,488</u></u></b>

# Charter Township of Oakland

## Proprietary Funds Statement of Net Position

March 31, 2019

	Enterprise Funds			
	Sewer Fund	Water Fund	Building	Total
<b>Assets</b>				
Current assets:				
Cash and investments (Note 2)	\$ 7,574,399	\$ 2,202,998	\$ 3,060,854	\$ 12,838,251
Receivables:				
Receivables from sales to customers on account	346,690	574,518	-	921,208
Accrued interest receivable	74,148	-	23,734	97,882
Other receivables	-	-	5,165	5,165
Due from other governmental units	2,451	2,933	-	5,384
Prepaid expenses and other assets	2,778	7,200	15,707	25,685
Total current assets	8,000,466	2,787,649	3,105,460	13,893,575
Noncurrent assets:				
Restricted assets (Note 1)	255,978	-	-	255,978
Capital assets: (Note 3)				
Assets not subject to depreciation	393,920	-	-	393,920
Assets subject to depreciation - Net	8,735,815	14,878,969	81,851	23,696,635
Total noncurrent assets	9,385,713	14,878,969	81,851	24,346,533
Total assets	17,386,179	17,666,618	3,187,311	38,240,108
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	18,281	68,081	45,484	131,846
Due to other governmental units	28,166	-	-	28,166
Refundable deposits, bonds, etc.	-	-	343,500	343,500
Accrued liabilities and other	25,018	465	9,689	35,172
Compensated absences	-	-	17,784	17,784
Current portion of long-term debt (Note 5)	119,693	-	-	119,693
Total current liabilities	191,158	68,546	416,457	676,161
Noncurrent liabilities:				
Compensated absences	-	-	9,002	9,002
Long-term debt (Note 5)	1,927,959	-	-	1,927,959
Total noncurrent liabilities	1,927,959	-	9,002	1,936,961
Total liabilities	2,119,117	68,546	425,459	2,613,122
<b>Net Position</b>				
Net investment in capital assets	7,338,061	14,878,969	81,851	22,298,881
Unrestricted	7,929,001	2,719,103	2,680,001	13,328,105
Total net position	<b>\$ 15,267,062</b>	<b>\$ 17,598,072</b>	<b>\$ 2,761,852</b>	<b>\$ 35,626,986</b>

# Charter Township of Oakland

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

**Year Ended March 31, 2019**

	Enterprise Funds			
	Sewer Fund	Water Fund	Building	Total
<b>Operating Revenue</b>				
Sale of water	\$ -	\$ 1,333,617	\$ -	\$ 1,333,617
Sewage disposal charges	1,367,936	-	-	1,367,936
Permit revenue	-	-	949,160	949,160
Other operating revenue	73,802	-	250	74,052
Total operating revenue	1,441,738	1,333,617	949,410	3,724,765
<b>Operating Expenses</b>				
Cost of water	-	1,211,757	-	1,211,757
Cost of sewage treatment	952,567	-	-	952,567
Other operation and maintenance	49,713	-	-	49,713
Billing and administrative costs	83,447	179,963	-	263,410
Other operating expense	145,733	172,495	-	318,228
Building inspections and related activity	-	-	759,850	759,850
Depreciation	287,297	535,711	22,442	845,450
Total operating expenses	1,518,757	2,099,926	782,292	4,400,975
<b>Operating (Loss) Income</b>	(77,019)	(766,309)	167,118	(676,210)
<b>Nonoperating Revenue (Expense)</b>				
Investment income	136,070	44,670	55,727	236,467
Interest expense	(50,981)	-	-	(50,981)
Other nonoperating expenses	(358,939)	(655,332)	-	(1,014,271)
Debt service charges and other	320,672	-	-	320,672
Other nonoperating revenue	-	793,182	-	793,182
Total nonoperating revenue	46,822	182,520	55,727	285,069
<b>(Loss) Income - Before capital contributions</b>	(30,197)	(583,789)	222,845	(391,141)
<b>Capital Contributions</b>	71,349	-	-	71,349
<b>Change in Net Position</b>	41,152	(583,789)	222,845	(319,792)
<b>Net Position - Beginning of year</b>	15,225,910	18,181,861	2,539,007	35,946,778
<b>Net Position - End of year</b>	<u>\$ 15,267,062</u>	<u>\$ 17,598,072</u>	<u>\$ 2,761,852</u>	<u>\$ 35,626,986</u>

# Charter Township of Oakland

## Proprietary Funds Statement of Cash Flows

Year Ended March 31, 2019

	Enterprise Funds			
	Sewer Fund	Water Fund	Building	Total
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 1,411,435	\$ 1,260,779	\$ 946,792	\$ 3,619,006
Payments to suppliers	(1,240,912)	(1,615,864)	(280,633)	(3,137,409)
Payments to employees	-	-	(295,407)	(295,407)
Net cash provided by (used in) operating activities	170,523	(355,085)	370,752	186,190
<b>Cash Flows Used in Noncapital Financing Activities</b> - Nonoperating items charged by the County	(89,248)	(655,332)	-	(744,580)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Receipt of capital charges	61,829	793,182	-	855,011
Purchase of capital assets	(12,708)	-	(38,663)	(51,371)
Principal and interest paid on capital debt	(118,367)	-	-	(118,367)
Net cash (used in) provided by capital and related financing activities	(69,246)	793,182	(38,663)	685,273
<b>Cash Flows from Investing Activities</b>				
Interest received on investments	117,381	44,670	49,783	211,834
Purchase of investment securities	(33,901)	(9,467)	(25,442)	(68,810)
Net cash provided by investing activities	83,480	35,203	24,341	143,024
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	95,509	(182,032)	356,430	269,907
<b>Cash and Cash Equivalents - Beginning of year</b>	5,864,140	1,938,915	1,505,464	9,308,519
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 5,959,649</b>	<b>\$ 1,756,883</b>	<b>\$ 1,861,894</b>	<b>\$ 9,578,426</b>
<b>Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 7,574,399	\$ 2,202,998	\$ 3,060,854	\$ 12,838,251
Less amounts classified as investments	(1,614,750)	(446,115)	(1,198,960)	(3,259,825)
Total cash and cash equivalents	<b>\$ 5,959,649</b>	<b>\$ 1,756,883</b>	<b>\$ 1,861,894</b>	<b>\$ 9,578,426</b>

**Charter Township of Oakland**

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

**Year Ended March 31, 2019**

	Enterprise Funds			
	Sewer Fund	Water Fund	Building	Total
<b>Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities</b>				
Operating (loss) income	\$ (77,019)	\$ (766,309)	167,118	\$ (676,210)
Adjustments to reconcile operating (loss) income to net cash from operating activities:				
Depreciation	287,297	535,711	22,442	845,450
Changes in assets and liabilities:				
Receivables	(30,303)	(72,838)	(2,618)	(105,759)
Prepaid and other assets	(2,778)	(7,200)	(10,995)	(20,973)
Compensated absences	-	-	(3,128)	(3,128)
Accounts payable and other accrued liabilities	(6,674)	(44,449)	197,933	146,810
Net cash provided by (used in) operating activities	<u>\$ 170,523</u>	<u>\$ (355,085)</u>	<u>\$ 370,752</u>	<u>\$ 186,190</u>

**Noncash Capital and Related Financing Activities** - During the year ended March 31, 2019, Oakland County, Michigan constructed approximately \$319,000 of sewer lines for the Oakland-Macomb Interceptor project, for which the Township reduced restricted assets held at the County or recorded a capital contribution.

**Charter Township of Oakland**

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

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**March 31, 2019**

	<u>Agency Funds</u>
<b>Assets - Cash and cash equivalents</b>	<b>\$ 675,672</b>
<b>Liabilities</b>	
Accounts payable	\$ 17,518
Refundable deposits, bonds, etc.	656,160
Accrued liabilities and other	<u>1,994</u>
Total liabilities	<b>\$ 675,672</b>

March 31, 2019

### Note 1 - Significant Accounting Policies

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

#### ***Reporting Entity***

The Charter Township of Oakland is governed by an elected seven-member township board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. The accompanying financial statements present the financial operations of the Township.

#### **Blended Component Units**

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

#### **Jointly Governed Organizations**

The Paint Creek Trailways Commission (the "Commission"), a joint venture agreement, effective on December 23, 1981, was entered into by the Charter Township of Oakland; the Charter Township of Orion; the City of Rochester Hills, Michigan; and the City of Rochester, Michigan for the purpose of establishing and providing for the powers and duties of the Paint Creek Trailways Commission, pursuant to the Urban Cooperation Act (P.A. 7 of 1967). The Commission is a separate legal entity for the purpose of owning, exercising right of dominion over, developing, providing, maintaining, and operating certain nonmotorized public trails for recreational use within the jurisdictions of member governmental units. The Township appoints two commissioners to the governing board, which is responsible for approving the annual budget. Pursuant to the agreement, each member shall be responsible for an equal share of the Commission's budget. For the fiscal year ended March 31, 2019, the Charter Township of Oakland provided \$26,190 to the Commission. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Paint Creek Trailways Commission is not considered a part of the reporting entity of the Charter Township of Oakland. Separate financial statements of the joint venture may be obtained at Paint Creek Trailways Commission, 4393 Collins Road, Rochester, MI 48306.

The Older Persons' Commission, an interlocal agreement, effective on March 28, 1985 and amended on August 28, 1995, was entered into by the Charter Township of Oakland; the City of Rochester Hills, Michigan; and the City of Rochester, Michigan for the purpose of establishing an older persons' commission pursuant to the Urban Cooperation Act (P.A. 7 of 1967). The Older Persons' Commission is a separate legal entity for the purpose of providing activities and services for older persons, defined as those individuals 50 years of age or older residing in the governmental units, which are parties to the agreement. The activities and services to be provided include, but are not limited to, the joint ownership and operation of an older persons' activity center and transportation. The Township appoints one member to the Older Persons' Commission. Pursuant to the agreement, each member shall be responsible for its pro rata share of the budget based upon its assessed valuation of the property. During the fiscal year ended March 31, 2019, the Charter Township of Oakland provided \$425,633 to the Older Persons' Commission. The Older Persons' Commission is not considered a part of the reporting entity of the Charter Township of Oakland. Separate financial statements of the Older Persons' Commission may be obtained at Older Persons' Commission, 650 Letica Drive, Rochester, MI 48307.

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

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



**Note 1 - Significant Accounting Policies (Continued)**

***Report Presentation***

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

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

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

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

***Fund Accounting***

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

**Governmental Funds**

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

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

**Note 1 - Significant Accounting Policies (Continued)**

**Proprietary Funds**

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

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

**Fiduciary Funds**

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

**Interfund Activity**

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

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

**Basis of Accounting**

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

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

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

**Note 1 - Significant Accounting Policies (Continued)**

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

***Specific Balances and Transactions***

**Cash and Cash Equivalents**

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

**Investments**

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

**Restricted Assets**

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

**Capital Assets**

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

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

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

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

**Long-term Obligations**

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

**Note 1 - Significant Accounting Policies (Continued)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has no items that qualify for reporting in this category.

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

**Net Position**

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

**Net Position Flow Assumption**

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

**Fund Balance Flow Assumptions**

The Township will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, except for transfers in for specific purposes, which are considered to be spent first if spent on the intended purpose. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policies**

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

**Note 1 - Significant Accounting Policies (Continued)**

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

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

**Property Tax Revenue**

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

The Township's 2018 property tax revenue was levied and collectible on December 31, 2018 and is recognized as revenue in the year ended March 31, 2019 when the proceeds of the levy are budgeted and available for the financing of operations.

The Township annually sells its delinquent real property taxes to Oakland County, Michigan (the "County"), which then becomes responsible for collecting the taxes and taking any uncollected tax parcels through the tax reversion process. The County purchases these taxes at 100 percent of face value, and in return, the County is allowed to retain all interest and penalties it collects. The estimated present value of future delinquent collections to the Township is less than the face value that has been received because of the time value of money; however, the net present value to the County is greater than this amount because of the statutory provision that allows the County to retain all penalties and interest. During the current year, the Township received \$235,632 from this sale. At the end of the tax reversion process (approximately three years), the County charges the Township back for any uncollected taxes. Historically, this amount has not been significant.

The 2018 taxable valuation of the Township totaled \$1.37 billion. Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	0.5143 \$	706,683
Library	0.5923	813,866
Parks	0.7155	983,161
Fire	0.9540	1,310,894
Police	1.6835	2,313,331
Land acquisition	0.6597	906,484
Older persons	0.2232	306,672
OPC transportation	0.0857	117,726
Trail system	0.1000	137,381
Historic district	0.1114	153,043

**Note 1 - Significant Accounting Policies (Continued)**

**Compensated Absences (Vacation and Sick Leave)**

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

**Proprietary Funds Operating Classification**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water, Sewer, and Building funds is charges to customers for sales and services. The Water and Sewer funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. The other nonoperating revenue and expenses are incurred at the County and reported to the Township as the County administers the activity in the water and sewer funds on behalf of the Township.

**Use of Estimates**

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

**Upcoming Accounting Pronouncements**

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

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



**Note 1 - Significant Accounting Policies (Continued)**

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

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

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

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$14,841,400 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.

March 31, 2019

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

**Interest Rate Risk**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. 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	\$ 5,700,429	0.17
Government Investment Pool	5,080,088	0.82

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of March 31, 2019, 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	\$ 5,700,429	AAAm	S&P
Local Government Investment Pool	5,080,088	Not rated	N/A

**Concentration of Credit Risk**

The Township places no limit on the amount it may invest in any one issuer. Approximately 18 and 16 percent of the Township's cash and investments are in the Michigan CLASS investment pool and the Oakland County Local Government Investment Pool (the "LGIP"), respectively. The LGIP is not registered with the SEC and does not issue a separate report. The fair value position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost.

**Fair Value Measurements**

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

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



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

The Township has the following recurring fair value measurements as of March 31, 2019:

The Township's investments in the Oakland County LGIP (\$5,080,088) and Michigan CLASS (\$5,700,429) are measured at net asset value (NAV).

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

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

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

At March 31, 2019, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Oakland County Local Government Investment Pool	\$ 5,080,088	\$ -	No restrictions	None
Michigan CLASS investment pool	5,700,429	-	No restrictions	None
Total investments measured at NAV	<u>\$ 10,780,517</u>	<u>\$ -</u>		

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

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

March 31, 2019

**Note 3 - Capital Assets**

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

**Governmental Activities**

	Balance April 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance March 31, 2019
Capital assets not being depreciated:					
Land	\$ 17,543,795	\$ -	\$ -	\$ -	\$ 17,543,795
Construction in progress	120,290	(160,159)	170,670	-	130,801
Subtotal	17,664,085	(160,159)	170,670	-	17,674,596
Capital assets being depreciated:					
Infrastructure	2,031,525	-	-	-	2,031,525
Buildings and improvements	10,896,623	-	118,532	-	11,015,155
Machinery and equipment	865,203	-	112,504	(11,148)	966,559
Vehicles	2,889,039	-	319,500	(84,250)	3,124,289
Office furnishings	483,073	-	-	(6,951)	476,122
Information technology	214,965	-	21,911	-	236,876
Land improvements	3,034,583	160,159	453,088	-	3,647,830
Subtotal	20,415,011	160,159	1,025,535	(102,349)	21,498,356
Accumulated depreciation:					
Infrastructure	2,031,525	-	-	-	2,031,525
Buildings and improvements	5,349,180	-	381,378	-	5,730,558
Machinery and equipment	623,846	-	79,434	(11,148)	692,132
Vehicles	2,546,047	-	89,842	(84,250)	2,551,639
Office furnishings	452,900	-	7,385	(6,951)	453,334
Information technology	185,323	-	29,823	-	215,146
Land improvements	2,239,459	-	266,685	-	2,506,144
Subtotal	13,428,280	-	854,547	(102,349)	14,180,478
Net capital assets being depreciated	6,986,731	160,159	170,988	-	7,317,878
Net governmental activities capital assets	\$ 24,650,816	\$ -	\$ 341,658	\$ -	\$ 24,992,474

March 31, 2019

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

***Business-type Activities***

	Balance April 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance March 31, 2019
Capital assets not being depreciated - Construction in progress	\$ 99,793	\$ -	\$ 294,127	\$ -	\$ 393,920
Capital assets being depreciated:					
Sewer system	14,054,937	-	37,386	-	14,092,323
Water system	16,232,026	-	-	-	16,232,026
Buildings and improvements	6,775	-	-	-	6,775
Machinery and equipment	26,628	-	15,356	-	41,984
Vehicles	45,252	-	-	-	45,252
Information technology	4,921	-	23,307	-	28,228
Subtotal	30,370,539	-	76,049	-	30,446,588
Accumulated depreciation:					
Sewer system	5,069,211	-	287,297	-	5,356,508
Water system	817,346	-	535,711	-	1,353,057
Buildings and improvements	1,808	-	452	-	2,260
Machinery and equipment	11,646	-	5,998	-	17,644
Vehicles	2,487	-	10,692	-	13,179
Information technology	2,005	-	5,300	-	7,305
Subtotal	5,904,503	-	845,450	-	6,749,953
Net capital assets being depreciated	24,466,036	-	(769,401)	-	23,696,635
Net business-type activities capital assets	\$ 24,565,829	\$ -	\$ (475,274)	\$ -	\$ 24,090,555

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

Governmental activities:	
General government	\$ 117,361
Public safety	216,121
Public works	943
Recreation and culture	520,122
Total governmental activities	<u>\$ 854,547</u>
Business-type activities:	
Water	\$ 535,711
Sewer	287,297
Building	22,442
Total business-type activities	<u>\$ 845,450</u>

***Construction Commitments***

The Township had commitments relating to construction projects in progress totaling approximately \$240,105 as of March 31, 2019.

March 31, 2019

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Fire Fund	\$ 650,841
Nonmajor governmental funds	Nonmajor governmental funds	364,800
	Total	<u>\$ 1,015,641</u>

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

**Note 5 - Long-term Debt**

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements and installment purchase agreements are also general obligations of the government.

Long-term debt activity for the year ended March 31, 2019 can be summarized as follows:

**Governmental Activities**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - General Obligation Limited Tax Bonds, Series 2008 - Amount of issue - \$4,100,000 Maturing through 2022	4.00%	\$320,000	\$ 1,280,000	\$ -	\$ (320,000)	\$ 960,000	\$ 320,000
Accumulated compensated absences			<u>260,792</u>	<u>190,463</u>	<u>(200,596)</u>	<u>250,659</u>	<u>176,030</u>
Total governmental activities long-term debt			<u>\$ 1,540,792</u>	<u>\$ 190,463</u>	<u>\$ (520,596)</u>	<u>\$ 1,210,659</u>	<u>\$ 496,030</u>

March 31, 2019

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

***Business-type Activities***

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Oakland-Macomb							
Interceptor Drainage							
District Drain Bonds -							
Series, 2010A -							
Amount of issue -							
\$525,666							
Maturing through 2032							
2.50%	\$21,066 - \$32,960	\$ 394,511	\$ -	\$ (23,788)	\$ 370,723	\$ 24,392	
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	101,501	-	(5,644)	95,857	5,947	
Oakland-Macomb							
Interceptor Drainage							
District Drain Bonds -							
Series, 2011 -							
Amount of issue -							
\$631,878							
Maturing through 2034							
2.50%	\$24,750 - \$39,477	529,164	-	(27,349)	501,815	27,968	
Oakland-Macomb							
Interceptor Drainage							
District Drain Bonds -							
Series, 2013A -							
Amount of issue -							
\$1,378,847							
Maturing through 2035							
2.00%	\$56,729 - \$82,659	1,139,479	-	(60,222)	1,079,257	61,386	
Total bonds and contracts payable							
		2,164,655	-	(117,003)	2,047,652	119,693	
Compensated absences							
		23,417	6,489	(3,120)	26,786	17,784	
Total business-type activities long-term debt							
		<u>\$ 2,188,072</u>	<u>\$ 6,489</u>	<u>\$ (120,123)</u>	<u>\$ 2,074,438</u>	<u>\$ 137,477</u>	

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

**Debt Service Requirements to Maturity**

Total interest expense for the year was approximately \$92,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 320,000	\$ 32,000	\$ 352,000	\$ 119,693	\$ 49,593	\$ 169,286
2021	320,000	19,200	339,200	122,713	46,753	169,466
2022	320,000	6,400	326,400	125,634	43,826	169,460
2023	-	-	-	128,429	40,815	169,244
2024	-	-	-	131,674	37,715	169,389
2025-2029	-	-	-	707,699	138,743	846,442
2030-2034	-	-	-	694,841	51,187	746,028
2035	-	-	-	16,969	339	17,308
Total	\$ 960,000	\$ 57,600	\$ 1,017,600	\$ 2,047,652	\$ 408,971	\$ 2,456,623

**Note 6 - Defined Contribution Pension Plan**

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

The Township's contributions for each employee are fully vested after one and one-half months of continuous service. Employees may contribute to the plan on a voluntary basis. In accordance with these requirements, the Township contributed \$228,035 during the current year.

**Note 7 - Risk Management**

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

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

**Note 8 - Library Agreement**

The Charter Township of Oakland Public Library Board has an agreement with the Rochester Hills Public Library Board for library services. In consideration for library services, the Township remits the two voter-approved library millages, as reduced by the Headlee Amendment, calculated using the previous year's taxable valuation of the Township. For the fiscal year ended March 31, 2019, the library millages totaled 0.5923 mills (2018 tax roll), which will be remitted to the Rochester Hills Public Library during the Township's fiscal year in the amount of approximately \$814,000.

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## Required Supplemental Information

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# Charter Township of Oakland

## Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended March 31, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 701,500	\$ 701,500	\$ 706,883	\$ 5,383
Special assessments	43,400	43,400	45,273	1,873
Intergovernmental:				
Federal grants	24,000	24,000	3,000	(21,000)
State sources	1,507,500	1,507,500	1,511,913	4,413
Charges for services	56,400	56,400	55,665	(735)
Fines and forfeitures	60,000	60,000	42,222	(17,778)
Licenses and permits:				
Cable franchise fees	379,000	379,000	380,021	1,021
Other licenses and permits	2,800	2,800	3,031	231
Interest and rentals:				
Investment earnings	70,000	70,000	189,295	119,295
Rental income	25,200	25,200	27,750	2,550
Other revenue	37,800	37,800	40,960	3,160
<b>Total revenue</b>	<b>2,907,600</b>	<b>2,907,600</b>	<b>3,006,013</b>	<b>98,413</b>
<b>Expenditures</b>				
Current services:				
General government:				
Township board	314,650	343,650	291,660	51,990
Township supervisor	16,400	16,400	13,628	2,772
Manager	164,650	180,550	176,521	4,029
Township treasurer	144,500	166,000	151,009	14,991
Assessor	144,000	144,000	126,477	17,523
Board of review	2,500	2,500	1,064	1,436
Township clerk	214,100	217,200	211,876	5,324
Buildings and grounds	297,500	297,500	213,895	83,605
Elections	51,250	51,250	46,283	4,967
Cemetery	4,000	4,000	2,544	1,456
Public works:				
Roads and projects	482,000	666,700	329,077	337,623
Street lighting	6,100	6,100	5,454	646
Other functions - Fringe benefits, insurance, and bonds	223,950	240,950	214,186	26,764
Community and economic development:				
Planning commission	101,450	101,450	73,768	27,682
Community programs and development	150,000	153,000	121,616	31,384
Capital outlay	162,500	296,900	162,629	134,271
<b>Total expenditures</b>	<b>2,479,550</b>	<b>2,888,150</b>	<b>2,141,687</b>	<b>746,463</b>
<b>Excess of Revenue Over Expenditures</b>	<b>428,050</b>	<b>19,450</b>	<b>864,326</b>	<b>844,876</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	185,000	185,000	185,000	-
Transfers out	(1,379,500)	(1,614,200)	(650,841)	963,359
<b>Total other financing uses</b>	<b>(1,194,500)</b>	<b>(1,429,200)</b>	<b>(465,841)</b>	<b>963,359</b>
<b>Net Change in Fund Balance</b>	<b>(766,450)</b>	<b>(1,409,750)</b>	<b>398,485</b>	<b>1,808,235</b>
<b>Fund Balance - Beginning of year</b>	<b>8,494,126</b>	<b>8,494,126</b>	<b>8,494,126</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 7,727,676</b>	<b>\$ 7,084,376</b>	<b>\$ 8,892,611</b>	<b>\$ 1,808,235</b>



## Charter Township of Oakland

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

**Year Ended March 31, 2019**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 1,301,300	\$ 1,301,300	\$ 1,311,270	\$ 9,970
State-shared revenue and grants	-	-	5,835	5,835
Charges for services	221,000	221,000	205,850	(15,150)
Interest income	8,500	8,500	13,090	4,590
Total revenue	1,530,800	1,530,800	1,536,045	5,245
<b>Expenditures</b>				
Current - Public safety	1,914,400	1,996,300	1,846,014	150,286
Capital outlay	1,179,500	1,250,700	441,489	809,211
Total expenditures	3,093,900	3,247,000	2,287,503	959,497
<b>Excess of Expenditures Over Revenue</b>	(1,563,100)	(1,716,200)	(751,458)	964,742
<b>Other Financing Sources - Transfers in</b>	1,387,500	1,622,200	659,491	(962,709)
<b>Net Change in Fund Balance</b>	(175,600)	(94,000)	(91,967)	2,033
<b>Fund Balance - Beginning of year</b>	1,202,835	1,202,835	1,202,835	-
<b>Fund Balance - End of year</b>	<u>\$ 1,027,235</u>	<u>\$ 1,108,835</u>	<u>\$ 1,110,868</u>	<u>\$ 2,033</u>

## Charter Township of Oakland

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

**Year Ended March 31, 2019**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 2,296,200	\$ 2,296,200	\$ 2,313,994	\$ 17,794
State-shared revenue and grants	-	-	5,868	5,868
Investment income	25,000	25,000	59,370	34,370
Total revenue	2,321,200	2,321,200	2,379,232	58,032
<b>Expenditures</b>				
Current - Public safety	2,342,050	2,359,050	2,333,301	25,749
Capital outlay	7,500	14,000	10,196	3,804
Total expenditures	2,349,550	2,373,050	2,343,497	29,553
<b>Net Change in Fund Balance</b>	(28,350)	(51,850)	35,735	87,585
<b>Fund Balance - Beginning of year</b>	3,025,339	3,025,339	3,025,339	-
<b>Fund Balance - End of year</b>	<u><u>\$ 2,996,989</u></u>	<u><u>\$ 2,973,489</u></u>	<u><u>\$ 3,061,074</u></u>	<u><u>\$ 87,585</u></u>

## Charter Township of Oakland

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

**Year Ended March 31, 2019**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 976,000	\$ 976,000	\$ 983,443	\$ 7,443
State-shared revenue and grants	292,200	292,200	2,494	(289,706)
Charges for services	93,600	93,600	90,698	(2,902)
Investment income	16,000	16,000	35,757	19,757
Other revenue	-	-	6,853	6,853
Total revenue	1,377,800	1,377,800	1,119,245	(258,555)
<b>Expenditures</b>				
Current - Recreation and culture	1,099,700	1,084,700	851,325	233,375
Capital outlay	808,618	843,618	202,789	640,829
Total expenditures	1,908,318	1,928,318	1,054,114	874,204
<b>Net Change in Fund Balance</b>	(530,518)	(550,518)	65,131	615,649
<b>Fund Balance - Beginning of year</b>	1,809,539	1,809,539	1,809,539	-
<b>Fund Balance - End of year</b>	<b>\$ 1,279,021</b>	<b>\$ 1,259,021</b>	<b>\$ 1,874,670</b>	<b>\$ 615,649</b>

**Budgetary Information**

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

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

General Fund	Total Revenue	Total Expenditures
Amounts per operating statement	\$ 3,191,013	\$ 2,141,687
Charges for services budgeted as operating transfers	(185,000)	-
Amounts per budget statement	<u>\$ 3,006,013</u>	<u>\$ 2,141,687</u>
Fire Fund	Total Revenue	Total Expenditures
Amounts per operating statement	\$ 1,544,045	\$ 2,287,503
Charges for services budgeted as operating transfers	(8,000)	-
Amounts per budget statement	<u>\$ 1,536,045</u>	<u>\$ 2,287,503</u>

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## 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	\$ 1,898,692	\$ 2,237,018	\$ 938	\$ 360
Receivables:				
Property taxes receivable	4,162	27,432	9,384	3,603
Accrued interest receivable	15,089	-	-	-
Other receivables	-	538	-	-
Prepaid expenses and other assets	-	3,847	-	-
<b>Total assets</b>	<b>\$ 1,917,943</b>	<b>\$ 2,268,835</b>	<b>\$ 10,322</b>	<b>\$ 3,963</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,860	\$ 21,023	\$ -	\$ -
Due to other governmental units	-	-	10,322	3,963
Accrued liabilities and other	872	4,964	-	-
<b>Total liabilities</b>	<b>2,732</b>	<b>25,987</b>	<b>10,322</b>	<b>3,963</b>
<b>Fund Balances</b>				
Nonspendable - Prepaid expenses	-	3,847	-	-
Restricted:				
Trails	1,915,211	-	-	-
Historic District Commission	-	-	-	-
Library	-	-	-	-
Land preservation	-	2,239,001	-	-
<b>Total fund balances</b>	<b>1,915,211</b>	<b>2,242,848</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,917,943</b>	<b>\$ 2,268,835</b>	<b>\$ 10,322</b>	<b>\$ 3,963</b>

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

March 31, 2019

Special Revenue Funds		Debt Service Fund	
Library	Historic District Commission	Debt Service Park/Land Preservation 2008	Total
\$ 981,547	\$ 531,763	\$ -	\$ 5,650,318
24,630	4,632	-	73,843
-	-	-	15,089
-	-	-	538
-	1,831	-	5,678
<b>\$ 1,006,177</b>	<b>\$ 538,226</b>	<b>\$ -</b>	<b>\$ 5,745,466</b>
\$ -	\$ 2,330	\$ -	\$ 25,213
-	-	-	14,285
-	4,574	-	10,410
-	6,904	-	49,908
-	1,831	-	5,678
-	-	-	1,915,211
-	529,491	-	529,491
1,006,177	-	-	1,006,177
-	-	-	2,239,001
1,006,177	531,322	-	5,695,558
<b>\$ 1,006,177</b>	<b>\$ 538,226</b>	<b>\$ -</b>	<b>\$ 5,745,466</b>

## Charter Township of Oakland

	Special Revenue Funds			
	Trails Improvement	Land Preservation	Older Persons Commission	OPC Transportation
<b>Revenue</b>				
Property taxes	\$ 137,475	\$ 906,744	\$ 306,863	\$ 117,800
Intergovernmental:				
Federal grants	-	8,365	-	-
State sources	580	3,099	778	299
Interest and rentals:				
Investment earnings	43,577	38,692	-	-
Rental income	-	4,055	-	-
Other revenue	-	6,769	-	-
Total revenue	181,632	967,724	307,641	118,099
<b>Expenditures</b>				
Current services - Recreation and culture	60,234	309,846	307,641	118,099
Capital outlay	268,459	1,898	-	-
Debt service	-	-	-	-
Total expenditures	328,693	311,744	307,641	118,099
<b>Excess of Revenue (Under) Over Expenditures</b>	(147,061)	655,980	-	-
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	(364,800)	-	-
Total other financing (uses) sources	-	(364,800)	-	-
<b>Net Change in Fund Balances</b>	(147,061)	291,180	-	-
<b>Fund Balances - Beginning of year</b>	2,062,272	1,951,668	-	-
<b>Fund Balances - End of year</b>	<b>\$ 1,915,211</b>	<b>\$ 2,242,848</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, 2019

Special Revenue Funds		Debt Service Fund		
Library	Historic District Commission	Debt Service Park/Land Preservation 2008	Total	
\$ 814,099	\$ 153,087	\$ -	\$ 2,436,068	
-	-	-	8,365	
2,065	388	-	7,209	
10,864	10,647	-	103,780	
-	700	-	4,755	
-	1,237	-	8,006	
827,028	166,059	-	2,568,183	
783,511	115,225	-	1,694,556	
-	33,270	-	303,627	
-	-	364,800	364,800	
783,511	148,495	364,800	2,362,983	
43,517	17,564	(364,800)	205,200	
-	-	364,800	364,800	
-	-	-	(364,800)	
-	-	364,800	-	
43,517	17,564	-	205,200	
962,660	513,758	-	5,490,358	
<b>\$ 1,006,177</b>	<b>\$ 531,322</b>	<b>\$ -</b>	<b>\$ 5,695,558</b>	

## Charter Township of Oakland

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

March 31, 2019

	Trust and Agency	Planning Escrow	Tax Collections	Total Agency Funds
<b>Assets - Cash and cash equivalents</b>	<b>\$ 1,994</b>	<b>\$ 673,678</b>	<b>\$ -</b>	<b>\$ 675,672</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 17,518	\$ -	\$ 17,518
Refundable deposits, bonds, etc.	-	656,160	-	656,160
Accrued liabilities and other	1,994	-	-	1,994
Total liabilities	<b>\$ 1,994</b>	<b>\$ 673,678</b>	<b>\$ -</b>	<b>\$ 675,672</b>