

**CHARTER TOWNSHIP OF OXFORD
Oakland County, Michigan**

AUDITED FINANCIAL REPORT

**For the Fiscal Year Ended
December 31, 2019**

CHARTER TOWNSHIP OF OXFORD
For the Year Ended December 31, 2019

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FINANCIAL SECTION

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Independent Auditor's Report

June 22, 2020

To the Board of Trustees
Charter Township of Oxford, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Oxford, Michigan, as of and for the year ended December 31, 2019, which collectively comprise the Township's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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 of 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Oxford as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Oxford, Michigan's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling information directly to underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully,

A handwritten signature in black ink, appearing to read "PSLZ LLP", is written over the typed name.

PSLZ LLP

Certified Public Accountants

Management's Discussion and Analysis

As management of Charter Township of Oxford, we offer readers of Charter Township of Oxford's financial statements this narrative overview and analysis of the financial activities of Charter Township of Oxford for the fiscal year ended December 31, 2019.

Financial Highlights

- The assets of Charter Township of Oxford exceeded its liabilities at the close of the most recent fiscal year by \$39,130,191 (*net position*). Of this amount, \$4,281,905 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Charter Township of Oxford's governmental funds reported combined ending fund balances of \$9,738,168, an increase of \$302,140 in comparison with the prior year. Approximately 18 percent of this amount, \$1,729,962 is *available for spending* at the government's discretion (*unrestricted fund balance*).
- Charter Township of Oxford's total long-term debt decreased by \$733,407, which reflects annual debt service payments made during the current year.
- For fiscal year 2019, the Township Board approved a lump sum contribution to the MERS defined benefit pension plan in the amount of \$512,100 to reduce the unfunded pension liability. The funds were transferred from the General Fund to the Fire Fund, and the contribution is reflected in the Fire Fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Charter Township of Oxford's basic financial statements. Charter Township of Oxford's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Charter Township of Oxford's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Charter Township of Oxford's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Charter Township of Oxford is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Charter Township of Oxford that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Charter Township of Oxford include general government, public safety, planning and zoning, public works, and recreation and culture. The business-type activities of Charter Township of Oxford include the water and sewer system. The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Charter Township of Oxford, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Charter Township of Oxford can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Charter Township of Oxford maintains 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Police Contracting Fund, Parks and Recreation Fund, Fire Fund, and Library Fund all of which are considered to be major funds. Data from the other governmental funds are combined into aggregated presentations by fund type. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

A budgetary comparison statement has been provided for the General, Police Contracting, Parks and Recreation, Fire, and Library Funds to demonstrate compliance with the annual appropriated budget.

Proprietary funds. Charter Township of Oxford maintains two proprietary funds which are classified as an enterprise fund type. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Charter Township of Oxford used enterprise funds to account for its water and sewer system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer system, both of which are considered to be major funds of Charter Township of Oxford.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Charter Township of Oxford's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 58-67 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Charter Township of Oxford, assets exceeded liabilities by \$39,130,191 at the close of the most recent fiscal year.

A significant portion of Charter Township of Oxford's net position (69 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Charter Township of Oxford used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Charter Township of Oxford's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Charter Township of Oxford's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 18,906,220	\$ 18,248,234	\$ 5,273,053	\$ 6,235,659	\$ 24,179,273	\$ 24,483,893
Capital Assets	16,195,582	16,101,965	20,012,947	19,217,840	36,208,529	35,319,805
Total Assets	<u>35,101,802</u>	<u>34,350,199</u>	<u>25,286,000</u>	<u>25,453,499</u>	<u>60,387,802</u>	<u>59,803,698</u>
Deferred Outflows	<u>1,017,998</u>	<u>610,464</u>	<u>-</u>	<u>-</u>	<u>1,017,998</u>	<u>610,464</u>
Long-term Liabilities						
Outstanding	4,433,314	4,304,717	7,848,251	8,398,290	12,281,565	12,703,007
Other Liabilities	309,112	354,492	348,780	342,846	657,892	697,338
Total Liabilities	<u>4,742,426</u>	<u>4,659,209</u>	<u>8,197,031</u>	<u>8,741,136</u>	<u>12,939,457</u>	<u>13,400,345</u>
Deferred Inflows	<u>9,178,027</u>	<u>8,548,382</u>	<u>158,125</u>	<u>172,500</u>	<u>9,336,152</u>	<u>8,720,882</u>
Net Position:						
Net Investment in						
Capital Assets	14,695,582	14,421,965	12,164,696	10,819,550	26,860,278	25,241,515
Restricted	7,988,008	8,037,098	-	-	7,988,008	8,037,098
Unrestricted	<u>(484,243)</u>	<u>(705,991)</u>	<u>4,766,148</u>	<u>5,720,313</u>	<u>4,281,905</u>	<u>5,014,322</u>
Total Net Position	<u>\$ 22,199,347</u>	<u>\$ 21,753,072</u>	<u>\$ 16,930,844</u>	<u>\$ 16,539,863</u>	<u>\$ 39,130,191</u>	<u>\$ 38,292,935</u>

An additional portion of Charter Township of Oxford's net position (20 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$4,281,905) may be used to meet the government's ongoing obligations to citizens and creditors.

The governmental net position increased by \$446,275 during the current fiscal year and the business-type net position increased by \$310,981, as presented:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program Revenues:						
Charges for Services	\$ 2,028,875	\$ 2,185,523	\$ 3,056,098	\$ 2,907,550	\$ 5,084,973	\$ 5,093,073
Operating Grants & Contributions	218,884	186,133	-	-	218,884	186,133
Capital Grants & Contributions	93,060	200,114	520,609	1,003,959	613,669	1,204,073
General Revenues:						
Property Taxes	8,486,473	8,014,250	-	-	8,486,473	8,014,250
State Shared Revenues	1,763,372	1,547,493	-	-	1,763,372	1,547,493
Investment Earnings	214,986	165,700	108,218	89,565	323,204	255,265
Gain on Sale of Assets	-	-	-	-	-	-
Other	363,853	344,443	-	-	363,853	344,443
Total Revenues	<u>13,169,503</u>	<u>12,643,656</u>	<u>3,684,925</u>	<u>4,001,074</u>	<u>16,854,428</u>	<u>16,644,730</u>
Program Expenses:						
General Government	2,258,090	2,026,682	-	-	2,258,090	2,026,682
Public Safety	7,367,439	6,141,010	-	-	7,367,439	6,141,010
Planning and Zoning	100,199	109,390	-	-	100,199	109,390
Public Works	102,684	403,409	-	-	102,684	403,409
Recreation and Cultural	2,763,755	2,557,434	-	-	2,763,755	2,557,434
Other	97,706	104,135	-	-	97,706	104,135
Interest on Long-Term Debt	33,355	37,087	-	-	33,355	37,087
Water and Sewer	-	-	3,373,944	3,352,531	3,373,944	3,352,531
Total Expenses	<u>12,723,228</u>	<u>11,379,147</u>	<u>3,373,944</u>	<u>3,352,531</u>	<u>16,097,172</u>	<u>14,731,678</u>
Change in Net Position	<u>\$ 446,275</u>	<u>\$ 1,264,509</u>	<u>\$ 310,981</u>	<u>\$ 648,543</u>	<u>\$ 757,256</u>	<u>\$ 1,913,052</u>

Business-type activities. Business-type activities increased Charter Township of Oxford's net position by \$310,981, as compared to a \$648,543 increase in the prior year. The water fund had an operating loss of \$457,755 in the current year, as compared to an operating loss of \$525,711 in the prior year. The sewer fund operating loss was \$541,976 in 2019 as compared to an operating loss of \$519,356 in 2018. Also, water and sewer tap fee revenues decreased \$311,264 over the prior year as a result of decreased development activity within the Township.

Financial Analysis of the Government's Funds

Governmental funds. The focus of Charter Township of Oxford's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Charter Township of Oxford's financing requirements. In particular, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, Charter Township of Oxford's governmental funds reported combined ending fund balances of \$9,738,168, an increase of \$302,140 in comparison with the prior year. The *unrestricted fund balance*, which is the amount available for spending at the government's discretion, represents 18% of the total fund balance. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed to uphold contracts or bond agreements.

The general fund is the chief operating fund of the Charter Township of Oxford. At the end of the current fiscal year, total fund balance was \$1,681,177. The fund balance of Charter Township of Oxford's general fund increased by \$369,990 during the current fiscal year, in comparison to a \$186,662 decrease in the prior year. General Fund operating revenues increased \$167,483, including a \$58,407 increase in state shared revenues and \$120,375 in additional special assessment revenues. Operating expenditures decreased \$214,169 over the prior year. The prior year included \$285,230 for Elkview engineering and \$121,298 of additional safety path maintenance over the current year. The General Fund also transferred a total of \$562,100 to other funds for safety path construction (\$50,000) and a lump sum additional contribution to the fire defined benefit pension plan (\$512,100).

Proprietary funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer Funds totaled \$4,766,148 at the end of the year, which is a \$954,165 decrease in unrestricted net position. Current development activity within the Township resulted in water and sewer tap fees decreasing \$311,264, in comparison to a decrease in tap fees in the prior year of \$429,019. Other factors concerning the finances of this fund have already been addressed in the discussion of Charter Township of Oxford's business-type activities.

General Fund Budgetary Highlights

The differences between the beginning and final budgets represent an increase in budgeted revenues of \$419,429, which includes an increase for state shared revenues (\$62,676), special assessment revenue (\$77,528), and interest earnings (\$37,352). Budgeted expenditures were decreased \$35,006, and amendments to budgeted operating transfers include \$175,000 to the Safety Path Fund and \$500,000 to the Fire Fund for additional pension plan contributions to decrease the pension liability.

Capital assets. Charter Township of Oxford's investment in capital assets for its governmental and business type activities as of December 31, 2019, amounts to \$36,208,529 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and the water and sewer systems. The investment in fixed assets increased by \$888,724 due to capital asset additions less annual depreciation expense. Capital asset

additions during 2019 included the Community Center construction at Seymour Lake Park (\$259,944), cable building addition (\$185,282), park improvements at 4 parks in the Township (\$491,593), and purchase of a Fire Department vehicle and equipment (\$50,121). The Water Enterprise Fund capital asset additions reflect \$1,018,600 of water line extensions and \$166,229 for Mickelson Shores Wellsite.

Long-term debt. At the end of the current fiscal year, Charter Township of Oxford had total bonded debt outstanding of \$9,348,251, which consisted of \$1,500,000 Park General Obligation bonds, \$6,025,000 Water General Obligation bonds, and \$1,823,251 for the Oakland-Macomb Interceptor Drain Bonds. All of Charter Township of Oxford's debt represents general obligation debt backed by the full faith and credit of Charter Township of Oxford, subject to constitutional limit.

Additional information on Charter Township of Oxford's long-term debt can be found in note III. D. on pages 34-35 of this report.

Economic Factors and Next Year's Budgets and Rates

The Township anticipates a slight increase in property tax revenues based on projected increased taxable values and a decrease in State shared revenue in 2020 due to the pandemic related shutdown of the economy in the State of Michigan. The Township is anticipating an overall reduction in operating revenues in 2020, but operating expenditures will decrease as well. The Township has adopted a balanced budget in the General Fund for fiscal year 2020 and anticipates the Township's finances to remain stable.

Requests for Information

This financial report is designed to provide a general overview of Charter Township of Oxford's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Township Supervisor, 300 Dunlap Road, Oxford, MI 48371.

BASIC FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF OXFORD
Statement of Net Position
December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 9,537,025	\$ 4,518,917	\$ 14,055,942	\$ 68,497
Receivables (net of allowance for uncollectibles):				
Accounts	489,053	664,529	1,153,582	-
Taxes	8,858,940	-	8,858,940	-
Due from Other Units	-	89,607	89,607	-
Prepaid Expenditures	21,202	-	21,202	-
Capital Assets (net of Accumulated Depreciation)	16,195,582	20,012,947	36,208,529	36,639
Total Assets	<u>35,101,802</u>	<u>25,286,000</u>	<u>60,387,802</u>	<u>105,136</u>
<u>DEFERRED OUTFLOWS</u>				
Deferred Outflows related to Pensions	1,017,998	-	1,017,998	-
<u>LIABILITIES</u>				
Accounts Payable	309,112	348,780	657,892	-
Noncurrent Liabilities:				
Net Pension Liability	2,190,403	-	2,190,403	-
Other Postemployment Benefit Liability	567,014	-	567,014	-
Compensated Absences	175,897	-	175,897	-
Due within one year	190,000	567,772	757,772	-
Due in more than one year	1,310,000	7,280,479	8,590,479	-
Total Liabilities	<u>4,742,426</u>	<u>8,197,031</u>	<u>12,939,457</u>	<u>-</u>
<u>DEFERRED INFLOWS</u>				
Property Taxes Collected for the following year	8,858,940	-	8,858,940	-
Deferred Inflows related to Pensions	319,087	-	319,087	-
Deferred Charge on Bond Refundings	-	158,125	158,125	-
Total Deferred Inflows	<u>9,178,027</u>	<u>158,125</u>	<u>9,336,152</u>	<u>-</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	14,695,582	12,164,696	26,860,278	36,639
Restricted	7,988,008	-	7,988,008	-
Unrestricted	(484,243)	4,766,148	4,281,905	68,497
Total Net Position	<u>\$ 22,199,347</u>	<u>\$ 16,930,844</u>	<u>\$ 39,130,191</u>	<u>\$ 105,136</u>

CHARTER TOWNSHIP OF OXFORD
Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Governmental Activities:								
General Government	\$ 2,258,090	\$ 299,829	\$ 24,225	\$ -	\$ (1,934,036)	\$ -	\$ (1,934,036)	\$ -
Public Safety	7,367,439	1,015,453	54,407	93,060	(6,204,519)	-	(6,204,519)	-
Planning and Zoning	100,199	38,785	-	-	(61,414)	-	(61,414)	-
Public Works	102,684	-	-	-	(102,684)	-	(102,684)	-
Health and Welfare	97,706	-	20,212	-	(77,494)	-	(77,494)	-
Recreation and Cultural	2,763,755	674,808	120,040	-	(1,968,907)	-	(1,968,907)	-
Interest on Long-Term Debt	33,355	-	-	-	(33,355)	-	(33,355)	-
Total Governmental Activities	<u>12,723,228</u>	<u>2,028,875</u>	<u>218,884</u>	<u>93,060</u>	<u>(10,382,409)</u>	<u>-</u>	<u>(10,382,409)</u>	<u>-</u>
Business-type Activities:								
Water	691,873	957,776	-	242,582	-	508,485	508,485	-
Sewer	2,682,071	2,098,322	-	278,027	-	(305,722)	(305,722)	-
Total Business-type Activities	<u>3,373,944</u>	<u>3,056,098</u>	<u>-</u>	<u>520,609</u>	<u>-</u>	<u>202,763</u>	<u>202,763</u>	<u>-</u>
Total Primary Government	<u>\$ 16,097,172</u>	<u>\$ 5,084,973</u>	<u>\$ 218,884</u>	<u>\$ 613,669</u>	<u>(10,382,409)</u>	<u>202,763</u>	<u>(10,179,646)</u>	<u>-</u>
Component Unit - Trailway	<u>\$ 68,062</u>	<u>\$ -</u>	<u>\$ 52,694</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,368)</u>
General Revenues:								
Property Taxes					8,486,473	-	8,486,473	-
State Shared Revenue					1,763,372	-	1,763,372	-
Franchise Fees					363,853	-	363,853	-
Unrestricted Investment Earnings					214,986	108,218	323,204	67
Total General Revenues					<u>10,828,684</u>	<u>108,218</u>	<u>10,936,902</u>	<u>67</u>
Change in Net Position					446,275	310,981	757,256	(15,301)
Net Position - Beginning					<u>21,753,072</u>	<u>16,539,863</u>	<u>38,292,935</u>	<u>120,437</u>
Net Position - Ending					<u>\$ 22,199,347</u>	<u>\$ 16,850,844</u>	<u>\$ 39,050,191</u>	<u>\$ 105,136</u>

CHARTER TOWNSHIP OF OXFORD
Balance Sheet
Governmental Funds
December 31, 2019

	<u>General</u>	<u>Police Contracting</u>	<u>Parks and Recreation</u>	<u>Fire</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,400,353	\$ 1,887,167	\$ 520,778	\$ 1,756,064
Receivables (net of allowance for uncollectibles):				
Accounts	309,954	7,740	13,641	-
Taxes	816,444	2,934,274	727,126	2,981,303
Advance to Other Funds	-	-	-	-
Prepaid Expenditures	-	-	5,803	14,395
Total Assets	\$ <u>2,526,751</u>	\$ <u>4,829,181</u>	\$ <u>1,267,348</u>	\$ <u>4,751,762</u>
 <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 29,130	\$ 226,958	\$ -	\$ 32,103
Advance from Other Funds	-	-	81,907	-
Deferred Inflows:				
Deferred Tax Revenue	816,444	2,934,274	727,126	2,981,303
Total Liabilities and Deferred Inflows	<u>845,574</u>	<u>3,161,232</u>	<u>809,033</u>	<u>3,013,406</u>
 Fund Balances:				
Nonspendable-Prepays	-	-	5,803	14,395
Restricted	-	1,667,949	452,512	1,723,961
Unrestricted:				
Committed	-	-	-	-
Unassigned	1,681,177	-	-	-
Total Fund Balances	<u>1,681,177</u>	<u>1,667,949</u>	<u>458,315</u>	<u>1,738,356</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 \$ <u>2,526,751</u>	 \$ <u>4,829,181</u>	 \$ <u>1,267,348</u>	 \$ <u>4,751,762</u>

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, therefore, are not reported in the funds.
- Deferred Outflows and Inflows related to Pensions
- Net Pension Liabilities are not reported in the funds
- Net Other Post Employment Benefit Liability
- Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net Position of Governmental Activities

<u>Library</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,406,223	\$ 2,566,440	\$ 9,537,025
-	157,718	489,053
1,190,518	209,275	8,858,940
-	81,907	81,907
<u>-</u>	<u>1,004</u>	<u>21,202</u>
\$ <u>2,596,741</u>	\$ <u>3,016,344</u>	\$ <u>18,988,127</u>

\$ 206	\$ 20,715	\$ 309,112
-	-	81,907
1,190,518	209,275	8,858,940
<u>1,190,724</u>	<u>229,990</u>	<u>9,249,959</u>
-	-	20,198
1,406,017	2,737,569	7,988,008
-	48,785	48,785
<u>-</u>	<u>-</u>	<u>1,681,177</u>
<u>1,406,017</u>	<u>2,786,354</u>	<u>9,738,168</u>
\$ <u>2,596,741</u>	\$ <u>3,016,344</u>	

16,195,582
 698,911
 (2,190,403)
 (567,014)
(1,675,897)
 \$ 22,199,347

CHARTER TOWNSHIP OF OXFORD
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2019

	<u>General</u>	<u>Police Contracting</u>	<u>Parks and Recreation</u>	<u>Fire</u>
<u>Revenues</u>				
Property Taxes	\$ 787,057	\$ 2,804,007	\$ 698,002	\$ 2,848,734
Licenses and Permits	25,887	-	-	-
Intergovernmental:				
Federal, State and Local	1,563,484	70,554	33,897	182,839
Charges for Services	141,141	69,580	659,986	577,876
Fines and Forfeitures	-	44,024	-	-
Franchise Fees	-	-	-	-
Special Assessments	158,103	-	-	-
Interest	59,891	20,417	17,864	51,264
Other	15,383	-	1,758	44,040
Total Revenues	<u>2,750,946</u>	<u>3,008,582</u>	<u>1,411,507</u>	<u>3,704,753</u>
<u>Expenditures</u>				
Current:				
General Government	1,163,872	-	-	-
Public Safety	-	2,617,105	-	4,007,875
Planning and Zoning	100,199	-	-	-
Public Works	69,499	-	-	-
Health and Welfare	97,706	-	-	-
Recreation and Cultural	-	-	1,262,197	-
Other	387,580	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Capital Outlay	-	-	298,153	56,820
Total Expenditures	<u>1,818,856</u>	<u>2,617,105</u>	<u>1,560,350</u>	<u>4,064,695</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>932,090</u>	<u>391,477</u>	<u>(148,843)</u>	<u>(359,942)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	-	-	-	512,100
Transfers Out	<u>(562,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(562,100)</u>	<u>-</u>	<u>-</u>	<u>512,100</u>
Net Change in Fund Balances	369,990	391,477	(148,843)	152,158
Fund Balances - Beginning	<u>1,311,187</u>	<u>1,276,472</u>	<u>607,158</u>	<u>1,586,198</u>
Fund Balances - Ending	<u>\$ 1,681,177</u>	<u>\$ 1,667,949</u>	<u>\$ 458,315</u>	<u>\$ 1,738,356</u>

<u>Library</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,137,722	\$ 210,951	\$ 8,486,473
-	289,929	315,816
121,051	22,873	1,994,698
-	19,593	1,468,176
13,064	-	57,088
-	363,853	363,853
-	-	158,103
35,728	29,822	214,986
25,849	23,280	110,310
<u>1,333,414</u>	<u>960,301</u>	<u>13,169,503</u>
-	2,180	1,166,052
-	252,741	6,877,721
-	-	100,199
-	33,185	102,684
-	-	97,706
1,174,083	-	2,436,280
-	353,411	740,991
-	180,000	180,000
-	33,355	33,355
26,425	750,977	1,132,375
<u>1,200,508</u>	<u>1,605,849</u>	<u>12,867,363</u>
<u>132,906</u>	<u>(645,548)</u>	<u>302,140</u>
-	50,000	562,100
-	-	(562,100)
-	<u>50,000</u>	<u>-</u>
132,906	(595,548)	302,140
<u>1,273,111</u>	<u>3,381,902</u>	<u>9,436,028</u>
<u>\$ 1,406,017</u>	<u>\$ 2,786,354</u>	<u>\$ 9,738,168</u>

CHARTER TOWNSHIP OF OXFORD
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	302,140
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	1,027,188
Depreciation Expense	(933,571)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Repayments	180,000
Decrease in Compensated Absences	3,368

Change in Net Pension Liability		(138,439)
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Change in Net Other Postemployment Benefit Liability		<u>5,589</u>
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Change in net position in governmental activities	\$	<u><u>446,275</u></u>
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CHARTER TOWNSHIP OF OXFORD
Statement of Net Position
Proprietary Funds
December 31, 2019

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 2,539,824	\$ 1,979,093	\$ 4,518,917
Accounts Receivable	664,529	-	664,529
Due from Other Units	89,607	-	89,607
Total Current Assets	3,293,960	1,979,093	5,273,053
Fixed Assets:			
Land	-	367,557	367,557
Water Mains	-	19,910,362	19,910,362
Sewer Mains	11,095,618	-	11,095,618
Accumulated Depreciation	(6,308,873)	(5,051,717)	(11,360,590)
Net Fixed Assets	4,786,745	15,226,202	20,012,947
Total Assets	8,080,705	17,205,295	25,286,000
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	348,780	-	348,780
Bonds Payable	112,772	455,000	567,772
Total Current Liabilities	461,552	455,000	916,552
Noncurrent Liabilities:			
Bonds Payable	1,710,479	5,570,000	7,280,479
Total Liabilities	2,172,031	6,025,000	8,197,031
<u>DEFERRED INFLOWS</u>			
Deferred Charge on Refunding Bonds	-	158,125	158,125
<u>NET POSITION</u>			
Net Investment in Capital Assets	2,963,494	9,201,202	12,164,696
Unrestricted	2,945,180	1,820,968	4,766,148
Total Net Position	\$ 5,908,674	\$ 11,022,170	\$ 16,930,844

CHARTER TOWNSHIP OF OXFORD
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ 2,098,322	\$ 5,193	\$ 2,103,515
Operating Expenses:			
Operations & Maintenance	2,481,514	83,392	2,564,906
Depreciation Expense	158,784	379,556	538,340
Total Operating Expenses	<u>2,640,298</u>	<u>462,948</u>	<u>3,103,246</u>
Operating Income (Loss)	<u>(541,976)</u>	<u>(457,755)</u>	<u>(999,731)</u>
Nonoperating Revenues (Expenses):			
Debt Surcharge	-	952,583	952,583
Transfer from County Reserves	80,000	-	80,000
State Grant	117,867	-	117,867
Interest Income	54,933	53,285	108,218
Interest Expense	<u>(41,773)</u>	<u>(228,925)</u>	<u>(270,698)</u>
Total Nonoperating Revenues (Expenses)	<u>211,027</u>	<u>776,943</u>	<u>987,970</u>
Income (Loss) Before Contributions	(330,949)	319,188	(11,761)
Capital Contributions	<u>160,160</u>	<u>242,582</u>	<u>402,742</u>
Net Income (Loss)	(170,789)	561,770	390,981
Net Position - January 1	<u>6,079,463</u>	<u>10,460,400</u>	<u>16,539,863</u>
Net Position - December 31	<u>\$ 5,908,674</u>	<u>\$ 11,022,170</u>	<u>\$ 16,930,844</u>

CHARTER TOWNSHIP OF OXFORD
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 2,057,126	\$ 5,193	\$ 2,062,319
Payments to suppliers	(2,388,679)	(170,293)	(2,558,972)
Net Cash Provided (Used) by Operating Activities	(331,553)	(165,100)	(496,653)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Capital Contributions	160,160	242,582	402,742
Debt Surcharge	-	952,583	952,583
Transfer from County Reserves	80,000	-	80,000
State Grant	117,867	-	117,867
Construction of Assets	(148,618)	(1,184,829)	(1,333,447)
Principal Paid on Debt	(110,039)	(440,000)	(550,039)
Interest Paid on Debt	(41,773)	(243,300)	(285,073)
Net Cash Provided (Used) by Capital and Related Financing Activities	57,597	(672,964)	(615,367)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest Earned	54,933	53,285	108,218
Net Increase (Decrease) in Cash and Cash Equivalents	(219,023)	(784,779)	(1,003,802)
Cash and Cash Equivalents, Beginning	2,758,847	2,763,872	5,522,719
Cash and Cash Equivalents, Ending	\$ 2,539,824	\$ 1,979,093	\$ 4,518,917
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$ (541,976)	\$ (457,755)	\$ (999,731)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	158,784	379,556	538,340
(Increase) Decrease in Accounts Receivable	(56,016)	-	(56,016)
(Increase) Decrease in Due from Other Units	14,820	-	14,820
Increase (Decrease) in Accounts Payable	92,835	(86,901)	5,934
Net Cash Provided (Used) by Operating Activities	\$ (331,553)	\$ (165,100)	\$ (496,653)

CHARTER TOWNSHIP OF OXFORD
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

	Agency Funds	
	Current Tax Collection	Trust & Agency
<u>ASSETS</u>		
Cash	\$ 5,665,353	\$ 453,338
 <u>LIABILITIES</u>		
Due to Other	5,665,353	453,338
 NET POSITION	\$ -	\$ -

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Oxford Township became a Charter Township by resolution of the Township Board. The Township is operated under a Board of Trustees form of government and provides the following services as authorized by law: public safety (police and fire), library, recreation, public improvements, building, planning and zoning, and general administrative services.

As required by generally accepted accounting principles, these financial statements present the Charter Township of Oxford and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Township's operations and so data from these units is combined with data of the primary government. The Oxford Public Library is a blended component unit which is included in the Township's financial statements but does issue a separate report. Separate financial statements of the Library may be obtained at Oxford Public Library, 530 Pontiac Road, Oxford, Michigan 48371. The Library has a December 31 year end.

Discretely Presented Component Unit

The Polly Ann Trailway Management Council is a discretely presented component unit and is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township. The Council was created for the purpose of owning or leasing, exercising right of dominion over, developing, providing, maintaining, and operating certain non-motorized public trails for recreational use within the jurisdiction of member units, Addison Township, Orion Township, Oxford Township, Village of Leonard, and Village of Oxford. The Polly Ann Trailway Management Council has a December 31 year end.

B. Jointly Governed Organizations

North Oakland Transportation Authority

The Authority provides transportation services for the following six entities, the Charter Township of Oxford, the Charter Township of Orion, the Township of Addison, the Village of Lake Orion, the Village of Leonard and the Village of Oxford. The Authority's board consists of twelve members of which the Charter Township of Oxford appoints two. For the fiscal year ended December 31, 2019, the Charter Township of Oxford provided \$63,694 to the Authority. The North Oakland Transportation Authority is not considered a part of the reporting entity of the Charter Township of Oxford. Separate financial statements of the joint venture may be obtained at North Oakland Transportation Authority, 467 East Jackson Street, Lake Orion, Michigan 48362.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Government-Wide and Fund Financial Statements

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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Governmental Funds

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Police Contracting, Parks and Recreation, Fire, and Library Funds are special revenue funds supported by voted operating tax levies.

In addition, the Township reports on the following fund types:

- The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes.
- The capital project fund accounts for the construction of the new township administrative building.
- The permanent fund accounts for the perpetual care endowment of the Township cemetery.

Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include the following fund type:

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Township has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Township's enterprise funds are the Water and Sewer Funds, which are reported as major funds.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity by the Township or as an agent on behalf of others. Fiduciary funds include the following fund types:

The Agency Funds are used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes and the Township's adopted investment policy authorize the Township to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of allowances for uncollectible accounts, which are recorded as follows:

	<u>Accounts Receivable Governmental</u>	<u>Accounts Receivable Enterprise</u>
Total	\$ 489,053	\$ 664,529
Less Allowance for Doubtful Accounts	-	-
Net Realizable Value	<u>\$ 489,053</u>	<u>\$ 664,529</u>

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities and Net Position or Equity – Continued

3. Capital Assets – Continued

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

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-25
Equipment	5-15
Vehicles	5-20
Infrastructure	15-50

4. Compensated Absences

In accordance with contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only when they have matured or come due for payment. The long-term portion of compensated absences related to the governmental funds is a liability recorded in the Statement of Net Position.

5. Long-term Obligations

In the government-wide financial statements, and 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, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Position.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities and Net Position or Equity – Continued

5. Long-term Obligations – Continued

Long-term liabilities expected to be financed from proprietary funds are reported as liabilities in those funds.

6. Fund Equity

In the fund financial statements, governmental funds report the following components of fund balance:

Nonspendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

Committed – Amounts that have been formally set aside by the Board for use for a specific purpose. Commitments are made and can be rescinded only via resolution of the Township Board.

Assigned – Intent to spend resources on specific purposes expressed by the Township Board.

Unassigned – This is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

- a. Budgets must be adopted for the General and Special Revenue Funds.
- b. Budgets must be balanced.
- c. Budgets must be amended as necessary.
- d. Public hearings must be held prior to adoption.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget appropriation prior to being incurred.

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

1. In accordance with State law, prior to December 15, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and means of financing them for the upcoming year. Detail line item budgets are included for administrative control. The level of control for the detail budgets is at the departmental basis.
2. Public hearings are conducted in September and October to obtain taxpayer comment.
3. Prior to December 15, the budget is legally enacted through passage of a budget resolution (general appropriation act).
4. Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgets for these funds are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Proprietary Fund budgets are prepared on a non-GAAP method.
6. Budget appropriations lapse at year end.
7. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds.
8. Budgeted amounts are reported as originally adopted and as amended by the Township Board. The budget was amended during fiscal year 2019.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of December 31, 2019.

2. Excess of Expenditures Over Appropriations in Budgetary Funds

The budgets for the General and Special Revenue Funds are adopted at the activity level. There were no expenditures in excess of budget appropriations.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Township is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades. The Township's investment policy does not further limit its investment choices.

The Township's cash and investments are subject to several types of risk, which are detailed 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 recovered. Neither State law nor the Township's investment policy requires consideration of custodial credit risk. As of December 31, 2019, the Township's book balance of its deposits was \$20,174,633. The bank balance was \$20,584,637 of which \$750,000 was FDIC insured.

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.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

III. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

At December 31, 2019, the carrying amount and bank balance of the component unit of the Charter Township of Oxford, the Polly Ann Trailway Management Council, was \$68,497, all of which is FDIC insured.

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:

	Fair Value	Weighted Average Maturity
Government Investment Pool	\$ <u>12,138,474</u>	476 days

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices. As of year end, the credit quality ratings of debt securities are as follows:

	Fair Value	Rating
Government Investment Pool	\$ <u>12,138,474</u>	N/A

Concentration of Credit Risk

The Township places no limit on the amount it may invest in any one issuer. Approximately 60 percent of the Charter Township of Oxford's cash and investments are in the Oakland County Local Government Investment Pool (LGIP). 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 costs.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not depreciated:				
Land	\$ 1,370,280	\$ -	\$ -	\$ 1,370,280
Capital Assets, being depreciated:				
Building and Land Improvements	17,114,315	936,820	-	18,051,135
Vehicles	3,617,379	86,330	-	3,703,709
Machinery and Equipment	2,898,692	4,038	-	2,902,730
Infrastructure	1,740,414	-	-	1,740,414
	<u>25,370,800</u>	<u>1,027,188</u>	<u>-</u>	<u>26,397,988</u>
Less: Accumulated Depreciation:				
Building and Land Improvements	(5,627,016)	(480,776)	-	(6,107,792)
Vehicles	(2,869,378)	(180,089)	-	(3,049,467)
Machinery and Equipment	(1,710,013)	(173,007)	-	(1,883,020)
Infrastructure	(432,708)	(99,699)	-	(532,407)
	<u>(10,639,115)</u>	<u>(933,571)</u>	<u>-</u>	<u>(11,572,686)</u>
Governmental Activities Capital Assets, net	<u>\$16,101,965</u>	<u>\$ 93,617</u>	<u>\$ -</u>	<u>\$16,195,582</u>

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

General Government	\$ 245,860
Public Safety	361,865
Recreation and Cultural	325,846
	<u>\$ 933,571</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities:				
Capital Assets, not depreciated:				
Land	\$ 367,557	\$ -	\$ -	\$ 367,557
Capital Assets, being depreciated:				
Infrastructure	29,672,533	1,333,447	-	31,005,980
Less: Accumulated Depreciation:				
Infrastructure	(10,822,250)	(538,340)	-	(11,360,590)
Business-type Activities Capital Assets, net	<u>\$ 19,217,840</u>	<u>\$ 795,107</u>	<u>\$ -</u>	<u>\$ 20,012,947</u>

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets – Continued

<u>Component Unit-Polly Ann Trailway:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 3,314	\$ -	\$ -	\$ 3,314
Capital Assets, being depreciated:				
Restroom	27,296	-	-	27,296
Parking Lot	35,000	-	-	35,000
Trailway Improvements	37,751	10,000	-	47,751
Less: Accumulated Depreciation	<u>(69,897)</u>	<u>(6,825)</u>	<u>-</u>	<u>(76,722)</u>
Component Unit, Capital Assets, net	<u>\$ 33,464</u>	<u>\$ (6,825)</u>	<u>\$ -</u>	<u>\$ 36,639</u>

C. Interfund Receivables, Payables and Transfers

<u>Advance Receivable</u>	<u>Advance Payable</u>	
Building Fund	Parks and Recreation Fund	<u>\$ 81,907</u>
<u>Transfers In</u>	<u>Transfers Out</u>	
Fire Fund	General Fund	\$ 512,100
Safety Path Fund	General Fund	50,000
		<u>\$ 562,100</u>

The Building Fund advanced funds to the Park Fund for the purchase of property. The principal plus interest is to be repaid over 5 years.

Transfer from the General Fund to the Fire Fund for additional contribution to the fire pension plan.

Transfer from the General Fund to the Safety Path Fund for future projects.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt

The following is a summary of long-term debt transactions of the Township for the year ended December 31, 2019:

	<u>Balance</u> <u>Jan 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec 31, 2019</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 1,680,000	\$ -	\$ 180,000	\$ 1,500,000	\$ 190,000
Compensated Absences	179,265	-	3,368	175,897	-
	<u>\$ 1,859,265</u>	<u>\$ -</u>	<u>\$ 183,368</u>	<u>\$ 1,675,897</u>	<u>\$ 190,000</u>
Business Activities:					
General Obligation Bonds	\$ 6,465,000	\$ -	\$ 440,000	\$ 6,025,000	\$ 455,000
Interceptor Drain 2010A	444,744	-	29,263	415,481	30,109
Interceptor Drain 2010B	114,996	-	7,134	107,862	7,497
Interceptor Drain 2013A	1,373,550	-	73,642	1,299,908	75,166
	<u>\$ 8,398,290</u>	<u>\$ -</u>	<u>\$ 550,039</u>	<u>\$ 7,848,251</u>	<u>\$ 567,772</u>

The following is a summary of general obligation debt outstanding of the Township as of December 31, 2019:

	<u>Number</u> <u>of Issues</u>	<u>Interest</u> <u>Rate</u>	<u>Maturing</u> <u>Through</u>	<u>Principal</u> <u>Outstanding</u>
Governmental Activities:				
General Obligation Bonds	1	2.12%	2026	<u>\$ 1,500,000</u>
Business Activities:				
General Obligation Bonds	1	2.00%-4.00%	2030	\$ 6,025,000
Interceptor Drain Bonds	3	1.15%-5.90%	2034	<u>1,823,251</u>
				<u>\$ 7,848,251</u>

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

The annual debt service requirements to maturity for debt outstanding as of December 31, 2019 are as follows:

<u>Year Ended</u>	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 190,000	\$ 29,786	\$ 567,772	\$ 267,577
2021	200,000	25,652	590,384	246,727
2022	210,000	21,306	612,996	224,999
2023	215,000	16,801	630,850	207,330
2024	220,000	12,190	648,830	189,128
2025-2029	465,000	9,911	3,579,834	595,868
2030-2034	-	-	1,217,585	57,325
	<u>\$ 1,500,000</u>	<u>\$ 115,646</u>	<u>\$ 7,848,251</u>	<u>\$ 1,788,954</u>

E. Deferred Inflows of Resources

- Governmental funds report unearned revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. The deferred inflows in the governmental activities represents property taxes levied on December 1, 2018, but recognized revenue in the year ending December 31, 2019, when the proceeds of the levy are budgeted and available for financing operations. At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

Property taxes levied for 2020 \$8,858,940

- In November 2014, the Township issued \$7,755,000 of limited tax general obligation refunding bonds, with a bond premium of \$230,000 which has been recorded as a deferred inflow of resources and is being amortized over the remaining life of the bond. The balance of unamortized bond premium at December 31, 2019 is \$158,125.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

III. DETAILED NOTES ON ALL FUNDS – Continued

F. Fund Balance Classifications

A detailed description of fund balance classifications (for all governmental fund types) at December 31, 2019, is presented below:

<u>Fund Balance</u>	<u>General Fund</u>	<u>Police Contracting</u>	<u>Parks and Recreation</u>	<u>Fire</u>	<u>Library</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:							
Prepays	\$ -	\$ -	\$ 5,803	\$ 14,395	\$ -	\$ -	\$ 20,198
Restricted for:							
Police	-	1,667,949	-	-	-	-	1,667,949
Parks & Recreation	-	-	452,512	-	-	-	452,512
Park Improvements	-	-	-	-	-	218,759	218,759
Fire & EMS	-	-	-	1,723,961	-	-	1,723,961
Library	-	-	-	-	1,406,017	-	1,406,017
Debt Service	-	-	-	-	-	19,311	19,311
Building Dept.	-	-	-	-	-	1,725,858	1,725,858
Cable Television	-	-	-	-	-	264,578	264,578
Roads	-	-	-	-	-	323,473	323,473
Cemetery	-	-	-	-	-	31,841	31,841
Safety Path	-	-	-	-	-	140,614	140,614
Telecommunication	-	-	-	-	-	13,135	13,135
Total Restricted	<u>-</u>	<u>1,667,949</u>	<u>452,512</u>	<u>1,723,961</u>	<u>1,406,017</u>	<u>2,737,569</u>	<u>7,988,008</u>
Committed for							
Capital Projects	-	-	-	-	-	48,785	48,785
Unassigned	<u>1,681,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,681,177</u>
Total Fund Balance	<u>\$ 1,681,177</u>	<u>\$ 1,667,949</u>	<u>\$ 458,315</u>	<u>\$ 1,738,356</u>	<u>\$ 1,406,017</u>	<u>\$ 2,786,354</u>	<u>\$ 9,738,168</u>

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

III. DETAILED NOTES ON ALL FUNDS – Continued

G. Property Taxes

Property taxes are assessed as of each December 31. The Township tax levy is billed on December 1 of the following year, and payable through February. Taxes are considered delinquent on March 1, at which time the applicable property is subject to lien and penalty and interest is assessed. The maximum authorized operating levies for the Township are detailed below for the 2018 tax roll:

<u>Purpose</u>	<u>Authorization</u>	<u>Authorized Rate (Pre Rollback)*</u>	<u>Authorized Rate (Post Rollback)*</u>	<u>Rate Levied</u>
Operating	State Law	1.4100	.9197	.9197
Police Services	Voter Approved	3.9152	3.7939	3.7939
Library	Voter Approved	1.8500	1.3483	1.3483
Parks and Rec.	Voter Approved	.8538	.8234	.8234
Fire	Voter Approved	3.5000	3.3759	3.3759
Parks Debt	Voter Approved	.2700	.2700	.2500

IV. OTHER INFORMATION

A. Defined Benefit Plan – Fire Department

Plan Description

The Township contributes to the Municipal Employees' Retirement System of Michigan (MERS), which is an agent multiple-employer defined benefit pension plan that covers all full time union employees of the Township fire department and the Fire Chief. MERS was established by the Michigan Legislature in 1945 and is administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained at mersofmich.com.

Benefits Provided

The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries, as established by Public Act 427 of 1984, as amended. The Plan covers all full-time union employees at the Township Fire Department as well as the Fire Chief. Benefits are calculated as 2.5 percent of the employee's five-year final average compensation times the employee's years of service with a maximum of 80 percent of final average compensation. Normal retirement age is 60. Deferred retirement benefits vest after 10 years of credited service but are not paid until the date retirement would have occurred if the member had remained an employee.

Benefit terms, within the guidelines established by MERS, are generally established and amended by authority of the Township Board, generally after negotiations of these terms with the affected union.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

IV. OTHER INFORMATION – Continued

A. Defined Benefit Plan – Fire Department – Continued

Employees Covered by Benefit Terms

At the December 31, 2018 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	17
Inactive plan members entitled to but not yet receiving benefits	2
Active Plan Members	<u>16</u>
Total Employees covered by MERS	<u>35</u>

Contributions

The State of Michigan Constitution, Article 9, Section 24, requires that financial benefits arising on account of employee services rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution.

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended December 31, 2019, the average active employee contribution rate was 2.5 percent of gross wages for all fire employees.

Net Pension Liability

The net pension liability reported at December 31, 2019 was determined using a measure of the total pension liability and the plan net position as of December 31, 2018. The December 31, 2018 total pension liability was determined by an actuarial valuation performed as of that date.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

IV. OTHER INFORMATION – Continued

A. Defined Benefit Plan – Fire Department – Continued

Changes in the net pension liability during the measurement year were as follows:

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2017	\$ 5,558,820	\$ 3,685,971	\$ 1,872,849
Service Cost	149,629	-	149,629
Interest	438,153	-	438,153
Contributions-Employer	-	484,857	(484,857)
Contributions-Employee	-	61,556	(61,556)
Net Investment Income	-	(149,003)	149,003
Differences between Expected and Actual Experience	119,961	-	119,961
Benefit Payments, including refunds	(313,459)	(313,459)	-
Administrative Expenses	-	(7,221)	7,221
Net Changes	<u>394,284</u>	<u>76,730</u>	<u>317,554</u>
Balance at December 31, 2018	<u>\$ 5,953,104</u>	<u>\$ 3,762,701</u>	<u>\$ 2,190,403</u>

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

IV. OTHER INFORMATION – Continued

A. Defined Benefit Plan – Fire Department – Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the Township reported deferred outflows of resources related to pensions from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 273,753
Differences between expected and actual experience	131,607	-
Differences in Assumptions	-	45,334
Employer contributions to the plan subsequent to the measurement date	<u>886,391</u>	<u>-</u>
Total	<u>\$ 1,017,998</u>	<u>\$ 319,087</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$886,391), which will impact the net pension liability in fiscal year 2020, rather than pension expense.

<u>Years Ending December 31</u>	<u>Amount</u>
2020	\$ (101,882)
2021	10,096
2022	(29,104)
2023	(66,590)

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

IV. OTHER INFORMATION – Continued

A. Defined Benefit Plan – Fire Department – Continued

Mortality rates were based on the RP=2014 Healthy Annuitant Mortality Tables of a 50 percent male and 50 percent female blend with rates multiplied by 105%. For disabled retirees, the 50% Male and 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the most recent actuarial experience study from 2009-2013.

Discount Rate

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2018, the measurement date, for each major asset class are summarized in the following table:

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

IV. OTHER INFORMATION – Continued

A. Defined Benefit Plan – Fire Department – Continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	58%	5.0%
Global Fixed Income	20%	2.2%
Real Assets	12%	4.2%
Diversifying strategies	10%	6.6%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Township, calculated using the discount rate of 8.00 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Net Pension Liability	\$ <u>2,969,526</u>	\$ <u>2,190,403</u>	\$ <u>1,538,257</u>

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MERS financial report. For the purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

IV. OTHER INFORMATION – Continued

B. Defined Contribution Plans

The Township maintains three separate defined contribution pension plans for its elected officials and other qualified employees of the Township, Parks and Recreation, and Library. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees of the different plans are eligible to participate at varying dates of employment. The plans were established by Township ordinance, which may be revised by amendment of the ordinance. Additional information for each plan follows:

	<u>General & Fire</u>	<u>Parks and Recreation</u>	<u>Library</u>
Plan Administrator	John Hancock	John Hancock	American Funds
Vesting	Immediate	Immediate	Immediate
Contribution Base	Base Compensation	Base Compensation	Base Compensation
Employer Contribution Rate	10-15%	15%	5%
Employee Voluntary Contribution Rate	Up to 10%	Up to 10%	N/A
Numbered Participants	10	5	15
Employer Contribution	\$95,429	\$52,111	\$26,038
Employee Contribution	\$72,224	\$22,583	N/A

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

IV. OTHER INFORMATION – Continued

C. Other Postemployment Benefits

Plan Description

The Township provides post-employment healthcare benefits to eligible employees upon retirement in accordance with contractual agreements. These benefits are provided by contractual agreement and are paid by the General Fund. Currently, 3 individuals are receiving benefits. At the fund level, the expense is recognized by the Township as the payments to the employees are made.

Benefits Provided

The Township provides healthcare, including prescription drug benefits for retirees and their spouses. Benefits are provided by a third-party insurer.

Employees Covered by Benefit Terms

At the December 31, 2017 valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	-
Active Plan Members	<u>-</u>
Total	<u>3</u>

Contributions

Active service members are not required to make contributions to the plan. The Township has no obligation to make contributions in advance but are being financed on a “pay-as-you-go” basis.

Summary of Significant Accounting Policies

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB (if applicable), and OPEB expenses, have been determined on the same basis as they are reported for the Township. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

IV. OTHER INFORMATION – Continued

C. Other Postemployment Benefits - Continued

Changes in Net OPEB Liability

The components of the change in the net OPEB liability are summarized as follows:

<u>Changes in Net OPEB Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Net Position</u>	<u>Net OPEB Liability</u>
Balance at January 1, 2018	\$ 574,829	\$ 2,226	\$ 572,603
Service Cost	-	-	-
Interest Cost	17,976	-	17,976
Net Investment Income	-	-	-
Employer Contributions	-	23,565	(23,565)
Benefit Payments	(23,565)	(23,565)	-
Administrative Expenses	-	-	-
Net Changes	<u>(5,589)</u>	<u>-</u>	<u>(5,589)</u>
Balance at December 31, 2018	<u>\$ 569,240</u>	<u>\$ 2,226</u>	<u>\$ 567,014</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2017. The following actuarial assumptions were applied:

Actuarial Cost Method	Entry-age normal
Discount Rate	3.16%
Investment Rate of Return	5.92%
Retirement Age Eligibility	Participation limited to 3 retirees (and one spouse) with grandfathered coverage. Two retirees pay 50% of the premium cost.
Mortality	2018 IRS 1.430(h) Annuitant and Non-annuitant tables
Health care trend rates	Pre-65: 8.0% initially grading down .5% per year to 5.0% Post-65: 5.0% in all years

Discount Rate

The discount rate used to measure the total OPEB liability was 3.16% based on the average effective rate consisting of long term return on assets and 20 year Aa Municipal Bond Rate.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

IV. OTHER INFORMATION – Continued

C. Other Postemployment Benefits - Continued

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of arithmetic real rates of return as of the December 31, 2017 measurement date for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	68.0%	7.70%
Global Fixed Income	28.3%	2.00%
Real Assets	2.0%	5.40%
Diversifying strategies	1.7%	0.80%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Township, calculated using the discount rate of 3.16 percent, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease (2.16%)</u>	<u>Current Discount Rate (3.16%)</u>	<u>1% Increase (4.16%)</u>
Net OPEB Liability	\$ <u>663,528</u>	\$ <u>567,014</u>	\$ <u>490,946</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Township, as well as what the Township's net OPEB liability would be if it were calculated using healthcare trends rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ <u>491,815</u>	\$ <u>567,014</u>	\$ <u>660,145</u>

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2019

IV. OTHER INFORMATION – Continued

D. Risk Management

The Township is a member of the Michigan Township Participating Plan for its property and casualty insurance coverage and maintains commercial insurance coverage for workers compensation, and accidental death, dismemberment and disability liabilities. The Township believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three fiscal years.

E. Subsequent Event

In March 2020, the Township temporarily closed its offices in accordance with the Governor's Stay Home, Stay Safe Executive Order as a result of the global coronavirus pandemic. Essential services such as law enforcement and fire protection remain unaffected. The Township has decreased both operating revenues and expenditures during this time due to the temporary closure. Currently, it is not possible to determine the negative financial impact on the Township due to the pandemic as the circumstances have been changing daily. Accordingly, there have been no adjustments to the financial statements as a result of this subsequent event.

F. Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 84, *Fiduciary Activities*, which establishes specific criteria for identifying activities that should be reported as fiduciary activities. The Township is currently evaluating the impact of this standard on its financial statements. The Statement is effective beginning with the Township's fiscal year ending December 31, 2020.

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement is based on the principle that leases are financings of the right to use an underlying asset. The Township is currently evaluating the impact of this standard on its financial statements. The Statement is effective beginning with the Township's fiscal year ending December 31, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF OXFORD
Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 68)

	2019	2018	2017	2016	2015
Total Pension Liability:					
Service Cost	\$ 149,629	\$ 143,676	\$ 123,853	\$ 110,653	\$ 116,095
Interest	438,153	416,107	389,203	365,955	350,646
Differences between actual and expected experience	119,961	14,370	102,349	63,650	-
Change in assumptions	-	-	-	207,240	-
Change in benefits	-	-	-	(37,112)	-
Benefit payments, including refunds	(313,459)	(289,655)	(288,400)	(287,121)	(269,797)
Net Change in Total Pension Liability	394,284	284,498	327,005	423,265	196,944
Total Pension Liability, Beginning of year	5,558,820	5,274,322	4,947,317	4,524,052	4,327,108
Total Pension Liability, End of year	<u>\$ 5,953,104</u>	<u>\$ 5,558,820</u>	<u>\$ 5,274,322</u>	<u>\$ 4,947,317</u>	<u>\$ 4,524,052</u>
Plan Fiduciary Net Position:					
Contributions - Employer	\$ 484,857	\$ 482,772	\$ 249,413	\$ 183,900	\$ 176,962
Contributions - Employee	61,556	59,169	57,372	24,632	24,918
Net Investment Income(Loss)	(149,003)	426,642	309,498	(41,537)	171,455
Administrative Expenses	(7,221)	(6,722)	(6,101)	(6,120)	(6,292)
Benefit payments, including refunds	(313,459)	(289,655)	(288,400)	(287,121)	(269,797)
Net Change in Plan Fiduciary Net Position	76,730	672,206	321,782	(126,246)	97,246
Plan Fiduciary Net Position, Beginning of year	3,685,971	3,013,765	2,691,983	2,818,229	2,720,983
Plan Fiduciary Net Position, End of year	<u>\$ 3,762,701</u>	<u>\$ 3,685,971</u>	<u>\$ 3,013,765</u>	<u>\$ 2,691,983</u>	<u>\$ 2,818,229</u>
Township's Net Pension Liability - Ending	<u>\$ 2,190,403</u>	<u>\$ 1,872,849</u>	<u>\$ 2,260,557</u>	<u>\$ 2,255,334</u>	<u>\$ 1,705,823</u>
Plan Fiduciary Net Position as a Percent of Total Pension Liability	63.2%	66.3%	57.1%	54.4%	62.3%
Covered Employee Payroll	\$ 1,259,356	\$ 1,202,547	\$ 1,295,209	\$ 967,247	\$ 1,014,816
Township's Net Pension Liability as a Percent of Covered Employee Payroll	173.9%	155.7%	174.5%	233.2%	168.1%

CHARTER TOWNSHIP OF OXFORD
Required Supplemental Information
Schedule of Township Pension Contributions
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$ 250,033	\$ 239,221	\$ 270,672	\$ 226,491	\$ 186,263	\$ 181,601	\$ 149,148	\$ 149,587	\$ 130,513	\$ 125,070
Contributions in relation to the actuarially determined contribution	<u>830,649</u>	<u>496,957</u>	<u>482,772</u>	<u>249,413</u>	<u>186,263</u>	<u>181,601</u>	<u>149,148</u>	<u>149,587</u>	<u>130,513</u>	<u>125,070</u>
Contribution Excess (Deficiency)	<u>\$ 580,616</u>	<u>\$ 257,736</u>	<u>\$ 212,100</u>	<u>\$ 22,922</u>	<u>\$ -</u>					
Covered Employee Payroll	\$ 1,259,356	\$ 1,202,547	\$ 1,128,865	\$ 1,295,209	\$ 1,054,378	\$ 1,014,816	\$ 917,312	\$ 945,091	\$ 887,100	\$ 851,839
Contributions as a Percentage of Covered Employee Payroll	66.0%	41.3%	42.8%	19.3%	17.7%	17.9%	16.3%	15.8%	14.7%	14.7%

Actuarial valuation information relative to the determination of contributions:

Valuation Date Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method Entry-age normal

Amortization Method Level percentage of pay, open

Remaining Amortization Period 23 years

Asset Valuation Method 5 year smoothed market

Inflation 2.50%

Salary Increases 3.75% including inflation

Investment Rate of Return 7.75%

Retirement Age Experience based tables of rates that are specific to the type of eligibility condition

Mortality 50% Male - 50% Female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables

CHARTER TOWNSHIP OF OXFORD
Required Supplemental Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 75)

	<u>2019</u>	<u>2018</u>
Total OPEB Liability:		
Service Cost	\$ -	\$ -
Interest	17,976	18,014
Differences between expected and actual experience	-	-
Changes in actuarial assumptions	-	-
Benefit payments	<u>(23,565)</u>	<u>(22,883)</u>
Net Change in Total OPEB Liability	(5,589)	(4,869)
Total OPEB Liability, Beginning of year	<u>574,829</u>	<u>579,698</u>
Total OPEB Liability, End of year	<u>\$ 569,240</u>	<u>\$ 574,829</u>
Plan Fiduciary Net Position:		
Net Investment Income	\$ -	\$ 302
Contributions - Employer	23,565	22,883
Benefit payments	(23,565)	(22,883)
Administrative Expenses	<u>-</u>	<u>(10)</u>
Net Change in Plan Fiduciary Net Position	-	292
Plan Fiduciary Net Position, Beginning of year	<u>2,226</u>	<u>1,934</u>
Plan Fiduciary Net Position, End of year	<u>\$ 2,226</u>	<u>\$ 2,226</u>
Township's Net OPEB Liability - Ending	<u>\$ 567,014</u>	<u>\$ 572,603</u>
Plan Fiduciary Net Position as a Percent of Total OPEB Liability	0.4%	0.4%
Covered Employee Payroll	n/a	n/a
Township's Net OPEB Liability as a Percent of Covered Employee Payroll	n/a	n/a

CHARTER TOWNSHIP OF OXFORD
Required Supplemental Information
Schedule of Township OPEB Contributions
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 34,990	\$ 32,890	\$ 36,597	\$ 42,916	\$ 42,916	\$ 42,916	\$ 42,916	\$ 42,916	\$ 42,878	\$ 42,878
Contributions in relation to the actuarially determined contribution	<u>36,632</u>	<u>49,235</u>	<u>50,020</u>	<u>43,658</u>	<u>43,048</u>	<u>32,531</u>	<u>38,803</u>	<u>41,613</u>	<u>52,853</u>	<u>66,128</u>
Contribution Excess (Deficiency)	<u>\$ 1,642</u>	<u>\$ 16,345</u>	<u>\$ 13,423</u>	<u>\$ 742</u>	<u>\$ 132</u>	<u>\$ (10,385)</u>	<u>\$ (4,113)</u>	<u>\$ (1,303)</u>	<u>\$ 9,975</u>	<u>\$ 23,250</u>
Covered Employee Payroll	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a
Contributions as a Percentage of Covered Employee Payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Actuarial valuation information relative to the determination of contributions:

Valuation Date Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method Entry-age normal (level percentage of compensation)
Asset Valuation Method Market value
Discount Rate 3.16%
Investment Rate of Return 5.92%
Retirement Age Participation limited to 3 retirees (and one spouse) with grandfathered coverage.
Two retirees pay 50% of the premium cost.
Mortality 2018 IRS 1.430(h) Annuitant and Non-annuitant tables
Health care trend rates Pre-65: 8.0% initially grading down .5% per year to 5.0%

CHARTER TOWNSHIP OF OXFORD
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 778,900	\$ 786,556	\$ 787,057	\$ 501
Licenses and Permits	27,775	27,052	25,887	(1,165)
Intergovernmental - Federal/CDBG	30,000	34,961	20,212	(14,749)
Intergovernmental - State	1,355,000	1,417,676	1,543,272	125,596
Charges for Services	146,779	144,129	141,141	(2,988)
Special Assessments	80,575	158,103	158,103	-
Interest	26,300	63,652	59,891	(3,761)
Other	1,500	14,129	15,383	1,254
Total Revenues	<u>2,446,829</u>	<u>2,646,258</u>	<u>2,750,946</u>	<u>104,688</u>
Expenditures:				
General Government:				
Township Board	36,700	44,692	38,609	6,083
Township Supervisor	139,243	145,296	144,698	598
Elections	21,875	62,058	58,043	4,015
Assessor	147,500	177,566	171,691	5,875
Professional Fees	71,500	71,500	58,820	12,680
Township Clerk	175,602	178,834	176,494	2,340
Board of Review	3,610	3,100	1,643	1,457
Township Treasurer	174,733	179,040	171,382	7,658
Township Hall Building	128,700	109,231	59,235	49,996
Cemetery	79,100	82,503	76,072	6,431
Other	716,526	617,366	207,185	410,181
Total General Government	<u>1,695,089</u>	<u>1,671,186</u>	<u>1,163,872</u>	<u>507,314</u>
Planning and Zoning:				
Planning Commission	148,740	119,961	93,620	26,341
Board of Appeals	11,300	8,405	6,579	1,826
Total Planning and Zoning	<u>160,040</u>	<u>128,366</u>	<u>100,199</u>	<u>28,167</u>
Public Works:				
Highways and Streets	23,000	14,000	12,394	1,606
Street Lighting	9,800	9,800	9,415	385
Engineering	10,000	44,339	47,690	(3,351)
Total Public Works	<u>42,800</u>	<u>68,139</u>	<u>69,499</u>	<u>(1,360)</u>
Health and Welfare:				
Citizen Programs/CDBG	30,000	30,000	20,212	9,788
Social Services	13,800	13,800	13,800	-
NOTA	65,000	64,299	63,694	605
Total Health and Welfare	<u>108,800</u>	<u>108,099</u>	<u>97,706</u>	<u>10,393</u>
Other Functions:				
Fringe Benefits	407,100	403,033	368,803	34,230
Insurance and Bonds	9,900	9,900	7,955	1,945
Contributions	11,000	11,000	10,822	178
Total Other Functions	<u>428,000</u>	<u>423,933</u>	<u>387,580</u>	<u>36,353</u>
Total Expenditures	<u>2,434,729</u>	<u>2,399,723</u>	<u>1,818,856</u>	<u>580,867</u>

(continued)

CHARTER TOWNSHIP OF OXFORD
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,100	\$ 246,535	\$ 932,090	\$ 685,555
Other Financing Uses: Operating Transfers Out	<u>(12,100)</u>	<u>(737,100)</u>	<u>(562,100)</u>	<u>175,000</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (490,565)</u>	369,990	<u>\$ 860,555</u>
Fund Balance - January 1			<u>1,311,187</u>	
Fund Balance - December 31			<u>\$ 1,681,177</u>	

CHARTER TOWNSHIP OF OXFORD
Police Contracting Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 3,195,500	\$ 3,195,500	\$ 2,804,007	\$ (391,493)
Intergovernmental-State	29,000	29,000	70,554	41,554
Charges for Services	66,200	66,200	69,580	3,380
Fines and Forfeitures	29,000	29,000	44,024	15,024
Interest	8,100	8,100	20,417	12,317
Total Revenues	<u>3,327,800</u>	<u>3,327,800</u>	<u>3,008,582</u>	<u>(319,218)</u>
Expenditures:				
Public Safety	<u>3,327,800</u>	<u>3,327,800</u>	<u>2,617,105</u>	<u>710,695</u>
Excess (Deficiency) of Revenue Over Expenditures	\$ <u> -</u>	\$ <u> -</u>	391,477	\$ <u>391,477</u>
Fund Balance - January 1			<u>1,276,472</u>	
Fund Balance - December 31			<u>\$ 1,667,949</u>	

CHARTER TOWNSHIP OF OXFORD
Parks and Recreation Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 662,044	\$ 694,322	\$ 698,002	\$ 3,680
Intergovernmental-State	-	33,900	33,897	(3)
Charges for Services	580,800	604,165	659,986	55,821
Interest	2,000	10,500	17,864	7,364
Other	1,000	950	1,758	808
Total Revenues	<u>1,245,844</u>	<u>1,343,837</u>	<u>1,411,507</u>	<u>67,670</u>
Expenditures:				
Recreation	1,245,844	1,274,534	1,262,197	12,337
Capital Outlay	425,000	351,800	298,153	53,647
Total Expenditures	<u>1,670,844</u>	<u>1,626,334</u>	<u>1,560,350</u>	<u>65,984</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ (425,000)</u>	<u>\$ (282,497)</u>	(148,843)	<u>\$ 133,654</u>
Fund Balance - January 1			<u>607,158</u>	
Fund Balance - December 31			<u>\$ 458,315</u>	

CHARTER TOWNSHIP OF OXFORD
Fire Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 2,800,000	\$ 2,848,734	\$ 2,848,734	\$ -
Intergovernmental-State	-	89,779	89,779	-
Grants	82,239	93,060	93,060	-
Charges for Services	474,700	558,186	577,876	19,690
Interest	12,000	49,070	51,264	2,194
Other	2,000	42,376	44,040	1,664
Total Revenues	<u>3,370,939</u>	<u>3,681,205</u>	<u>3,704,753</u>	<u>23,548</u>
Expenditures:				
Public Safety	3,480,018	4,130,184	4,007,875	122,309
Capital Outlay	58,000	63,121	56,820	6,301
Total Expenditures	<u>3,538,018</u>	<u>4,193,305</u>	<u>4,064,695</u>	<u>128,610</u>
Excess (Deficiency) of Revenue Over Expenditures	(167,079)	(512,100)	(359,942)	152,158
Other Financing Sources:				
Operating Transfers In	<u>12,100</u>	<u>512,100</u>	<u>512,100</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (154,979)</u>	<u>\$ -</u>	152,158	<u>\$ 152,158</u>
Fund Balance - January 1			<u>1,586,198</u>	
Fund Balance - December 31			<u>\$ 1,738,356</u>	

CHARTER TOWNSHIP OF OXFORD
Library Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 1,120,000	\$ 1,137,722	\$ 1,137,722	\$ -
Intergovernmental-State	42,000	77,209	77,209	-
Intergovernmental-Local	38,000	43,842	43,842	-
Fines	14,000	13,000	13,064	64
Grants and Donations	8,000	15,375	16,910	1,535
Interest	9,026	33,902	35,728	1,826
Other	8,500	8,900	8,939	39
Total Revenues	<u>1,239,526</u>	<u>1,329,950</u>	<u>1,333,414</u>	<u>3,464</u>
Expenditures:				
Operating	1,234,526	1,305,550	1,174,083	131,467
Capital Outlay	5,000	24,400	26,425	(2,025)
Total Expenditures	<u>1,239,526</u>	<u>1,329,950</u>	<u>1,200,508</u>	<u>129,442</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	132,906	<u>\$ 132,906</u>
Fund Balance - January 1			<u>1,273,111</u>	
Fund Balance - December 31			<u>\$ 1,406,017</u>	

OTHER SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF OXFORD
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019

	Special Revenue	Debt Service Park Bond	Capital Projects	Permanent Fund- Cemetery	Total Nonmajor Governmental Funds
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 2,251,585	\$ 19,311	\$ 267,544	\$ 28,000	\$ 2,566,440
Accounts Receivable	157,718	-	-	-	157,718
Taxes Receivable	-	209,275	-	-	209,275
Advance to Other Fund	81,907	-	-	-	81,907
Prepaid Expenditures	1,004	-	-	-	1,004
Total Assets	\$ 2,492,214	\$ 228,586	\$ 267,544	\$ 28,000	\$ 3,016,344
 <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</u>					
Liabilities:					
Accounts Payable	\$ 20,715	\$ -	\$ -	\$ -	\$ 20,715
Deferred Inflows:					
Deferred Tax Revenue	-	209,275	-	-	209,275
Fund Balance:					
Restricted	2,471,499	19,311	218,759	28,000	2,737,569
Committed for Capital Projects	-	-	48,785	-	48,785
Total Fund Balance	2,471,499	19,311	267,544	28,000	2,786,354
Total Liabilities and Fund Balance	\$ 2,492,214	\$ 228,586	\$ 267,544	\$ 28,000	\$ 3,016,344

CHARTER TOWNSHIP OF OXFORD
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue	Debt Service- Park Bond	Capital Projects	Permanent Fund- Cemetery	Total Nonmajor Governmental Funds
<u>Revenues:</u>					
Property Taxes	\$ -	\$ 210,951	\$ -	\$ -	\$ 210,951
Licenses and Permits	289,929	-	-	-	289,929
Intergovernmental	13,480	9,393	-	-	22,873
Charges for Services	19,593	-	-	-	19,593
Franchise Fees	363,853	-	-	-	363,853
Interest	18,374	212	11,236	-	29,822
Other	23,280	-	-	-	23,280
Total Revenues	<u>728,509</u>	<u>220,556</u>	<u>11,236</u>	<u>-</u>	<u>960,301</u>
<u>Expenditures:</u>					
General Government	2,180	-	-	-	2,180
Public Safety	252,741	-	-	-	252,741
Public Works	33,185	-	-	-	33,185
Other	353,411	-	-	-	353,411
Debt Service:					
Principal	-	180,000	-	-	180,000
Interest and Other Charges	-	33,355	-	-	33,355
Capital Outlay	247,703	-	503,274	-	750,977
Total Expenditures	<u>889,220</u>	<u>213,355</u>	<u>503,274</u>	<u>-</u>	<u>1,605,849</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(160,711)</u>	<u>7,201</u>	<u>(492,038)</u>	<u>-</u>	<u>(645,548)</u>
Other Financing Sources(Uses):					
Operating Transfers In	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Net Change in Fund Balances	(110,711)	7,201	(492,038)	-	(595,548)
Fund Balances - January 1	<u>2,582,210</u>	<u>12,110</u>	<u>759,582</u>	<u>28,000</u>	<u>3,381,902</u>
Fund Balances - December 31	<u>\$ 2,471,499</u>	<u>\$ 19,311</u>	<u>\$ 267,544</u>	<u>\$ 28,000</u>	<u>\$ 2,786,354</u>

CHARTER TOWNSHIP OF OXFORD
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2019

	<u>Building</u>	<u>Cable Television</u>	<u>Road</u>
<u>ASSETS</u>			
Cash	\$ 1,642,947	\$ 127,575	\$ 323,473
Accounts Receivable	-	157,718	-
Advance to Other Fund	81,907	-	-
Prepaid Expenditures	<u>1,004</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,725,858</u>	<u>\$ 285,293</u>	<u>\$ 323,473</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	\$ -	\$ 20,715	\$ -
Fund Balance:			
Restricted	<u>1,725,858</u>	<u>264,578</u>	<u>323,473</u>
Total Liabilities and Fund Balance	<u>\$ 1,725,858</u>	<u>\$ 285,293</u>	<u>\$ 323,473</u>

<u>Cemetery Maintenance</u>	<u>Safety Path</u>	<u>Telecom- munication</u>	<u>Total</u>
\$ 3,841	\$ 140,614	\$ 13,135	\$ 2,251,585
-	-	-	157,718
-	-	-	81,907
-	-	-	1,004
<u>\$ 3,841</u>	<u>\$ 140,614</u>	<u>\$ 13,135</u>	<u>\$ 2,492,214</u>

\$ - \$ - \$ - \$ 20,715

<u>3,841</u>	<u>140,614</u>	<u>13,135</u>	<u>2,471,499</u>
<u>\$ 3,841</u>	<u>\$ 140,614</u>	<u>\$ 13,135</u>	<u>\$ 2,492,214</u>

CHARTER TOWNSHIP OF OXFORD
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2019

	<u>Building</u>	<u>Cable Television</u>	<u>Road</u>
Revenues:			
Licenses and Permits	\$ 289,929	\$ -	\$ -
Intergovernmental - State	-	-	-
Charges for Services	19,593	-	-
Franchise Fees	-	363,853	-
Interest	14,084	2,152	1,943
Other	-	9,745	-
Total Revenues	<u>323,606</u>	<u>375,750</u>	<u>1,943</u>
Expenditures:			
Current:			
General Government	-	-	-
Public Safety	252,741	-	-
Public Works	-	-	-
Other	-	353,411	-
Capital Outlay	-	198,079	49,624
Total Expenditures	<u>252,741</u>	<u>551,490</u>	<u>49,624</u>
Excess (Deficiency) of Revenues Over Expenditures	70,865	(175,740)	(47,681)
Other Financing Sources:			
Operating Transfer In	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	70,865	(175,740)	(47,681)
Fund Balance - January 1	<u>1,654,993</u>	<u>440,318</u>	<u>371,154</u>
Fund Balance - December 31	<u>\$ 1,725,858</u>	<u>\$ 264,578</u>	<u>\$ 323,473</u>

<u>Cemetery Maintenance</u>	<u>Safety Path</u>	<u>Telecom- munication</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 289,929
-	-	13,480	13,480
-	-	-	19,593
-	-	-	363,853
21	165	9	18,374
-	13,535	-	23,280
<u>21</u>	<u>13,700</u>	<u>13,489</u>	<u>728,509</u>
2,180	-	-	2,180
-	-	-	252,741
-	20,748	12,437	33,185
-	-	-	353,411
-	-	-	247,703
<u>2,180</u>	<u>20,748</u>	<u>12,437</u>	<u>889,220</u>
(2,159)	(7,048)	1,052	(160,711)
<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
(2,159)	42,952	1,052	(110,711)
<u>6,000</u>	<u>97,662</u>	<u>12,083</u>	<u>2,582,210</u>
<u>\$ 3,841</u>	<u>\$ 140,614</u>	<u>\$ 13,135</u>	<u>\$ 2,471,499</u>

CHARTER TOWNSHIP OF OXFORD
Nonmajor Capital Project Funds
Combining Balance Sheet
December 31, 2019

	<u>Building & Site Capital Project</u>	<u>Park Bond Construction</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ <u>48,785</u>	\$ <u>218,759</u>	\$ <u>267,544</u>
Total Assets	\$ <u><u>48,785</u></u>	\$ <u><u>218,759</u></u>	\$ <u><u>267,544</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Fund Balance:			
Restricted for Park Improvements	-	218,759	218,759
Committed for Capital Projects	<u>48,785</u>	<u>-</u>	<u>48,785</u>
Total Fund Balance	<u><u>48,785</u></u>	<u><u>218,759</u></u>	<u><u>267,544</u></u>
Total Liabilities and Fund Balance	\$ <u><u>48,785</u></u>	\$ <u><u>218,759</u></u>	\$ <u><u>267,544</u></u>

CHARTER TOWNSHIP OF OXFORD
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2019

	<u>Building & Site Capital Project</u>	<u>Park Bond Construction</u>	<u>Total</u>
<u>Revenues:</u>			
Interest	\$ 51	\$ 11,185	\$ 11,236
Total Revenues	<u>51</u>	<u>11,185</u>	<u>11,236</u>
<u>Expenditures:</u>			
Capital Outlay	<u>6,673</u>	<u>496,601</u>	<u>503,274</u>
Total Expenditures	<u>6,673</u>	<u>496,601</u>	<u>503,274</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,622)	(485,416)	(492,038)
Fund Balances - January 1	<u>55,407</u>	<u>704,175</u>	<u>759,582</u>
Fund Balances - December 31	<u>\$ 48,785</u>	<u>\$ 218,759</u>	<u>\$ 267,544</u>

CHARTER TOWNSHIP OF OXFORD
Component Unit - Polly Ann Trailway Management Council
Balance Sheet
December 31, 2019

Assets

Cash	\$	68,497
		<u>68,497</u>

Liabilities and Fund Balance

Liabilities:

Accounts Payable	\$	-
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Fund Balance		68,497
		<u>68,497</u>

Total Liabilities and Fund Balance	\$	68,497
		<u>68,497</u>

Reconciliation to Statement of Net Position (page 10):

Fund Balance at December 31, 2019	\$	68,497
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Capital Assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		36,639
		<u>36,639</u>

Net Position of Governmental Activities-Component Unit	\$	105,136
		<u>105,136</u>

CHARTER TOWNSHIP OF OXFORD
Component Unit - Polly Ann Trailway Management Council
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Contributions - Orion Township	\$ 15,007	\$ 15,007	\$ 15,007	\$ -
Contributions - Oxford Township	10,822	10,822	10,822	-
Contributions - Village of Oxford	2,302	2,302	2,302	-
Contributions - Addison Township	8,524	8,524	8,524	-
Contributions - Village of Leonard	1,845	1,845	-	(1,845)
Grants	5,000	8,910	10,372	1,462
Donations	6,000	5,667	5,667	-
Interest Income	70	70	67	(3)
Total Revenues	<u>49,570</u>	<u>53,147</u>	<u>52,761</u>	<u>(386)</u>
Expenditures				
Contracted Services	24,000	24,000	23,712	288
Professional Services	2,000	-	1,000	(1,000)
Insurance	3,000	2,894	2,894	-
Telephone	350	350	300	50
Utilities	600	1,150	1,056	94
Grounds Maintenance	12,000	12,000	11,114	886
Equipment and Hardware	7,000	9,000	9,061	(61)
Advertising and Web	500	2,500	2,943	(443)
Grant Expenses	5,000	18,200	18,115	85
Miscellaneous	5,465	3,135	1,042	2,093
Total Expenditures	<u>59,915</u>	<u>73,229</u>	<u>71,237</u>	<u>1,992</u>
Net Change in Fund Balance	\$ <u>(10,345)</u>	\$ <u>(20,082)</u>	(18,476)	\$ <u>1,606</u>
Fund Balance - Beginning			<u>86,973</u>	
Fund Balance - Ending			\$ <u>68,497</u>	

Reconciliation to Statement of Activities (pages 11-12):

Net Change in Fund Balance at December 31, 2019 \$ (18,476)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents capital outlay in excess of depreciation in the current period.

Capital Outlay	10,000
Depreciation Expense	<u>(6,825)</u>

Change in Net Position-Component Unit \$ (15,301)

