

Audited Financial Statements
and Other Supplementary Information

Charter Township of Oakland
Oakland County, Michigan

*Year Ended December 31, 2023
with Report of Independent Auditors*

Charter Township of Oakland
Audited Financial Statements
and Other Supplementary Information
Year Ended December 31, 2023

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Report of Independent Auditors

To the Township Board of Trustees
Charter Township of Oakland

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Oakland as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Charter Township of Oakland's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Oakland as of December 31, 2023 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Charter Township of Oakland and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter Township of Oakland's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Charter Township of Oakland's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter Township of Oakland's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Supplementary Information

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

Andrews Hooper Paulik PLC

Bloomfield Hills, Michigan
June 4, 2024

Charter Township of Oakland

Management's Discussion and Analysis

December 31, 2023

Overview of the Financial Statements

The Charter Township of Oakland's 2023 annual report is presented in conformity with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34. This annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the Township and the notes to the financial statements. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

The analysis below compares the results for the year ended December 31, 2023 to the nine-month period ended December 31, 2022.

Government-wide Statements

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

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

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

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

Charter Township of Oakland

Management's Discussion and Analysis

December 31, 2023

Fund Financial Statements

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

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

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. The Township has a total net position of \$89.5 million, composed of \$54.8 million from governmental activities and \$34.7 million from business-type activities. The table below shows a condensed format comparison of net position as of the current date to the prior year.

Charter Township of Oakland

Management's Discussion and Analysis

December 31, 2023

The Township's Net Position

	Governmental Activities		Business-type Activities		Total	
	Year Ended December 31, 2023	Nine Months Ended December 31, 2022	Year Ended December 31, 2023	Nine Months Ended December 31, 2022	Year Ended December 31, 2023	Nine Months Ended December 31, 2022
Assets						
Current and other assets	\$ 33,486,443	\$ 30,964,582	\$ 17,237,155	\$ 20,327,877	\$ 50,723,598	\$ 51,292,459
Capital assets	32,476,845	33,224,540	26,041,456	23,535,945	58,518,301	56,760,485
Total assets	65,963,288	64,189,122	43,278,611	43,863,822	109,241,899	108,052,944
Deferred Outflows of Resources						
	42,871	-	-	-	42,871	-
Liabilities						
Current liabilities	2,050,581	2,999,414	1,371,874	826,814	3,422,455	3,826,228
Noncurrent liabilities	75,912	327,853	7,337,045	7,769,350	7,412,957	8,097,203
Total liabilities	2,126,493	3,327,267	8,708,919	8,596,164	10,835,412	11,923,431
Deferred Inflows of Resources						
	9,085,981	9,406,185	-	-	9,085,981	9,406,185
Net Position						
Net investment in capital assets	32,476,845	33,224,540	18,469,053	20,584,814	50,945,898	53,809,354
Restricted	8,625,672	7,076,339	-	-	8,625,672	7,076,339
Unrestricted	13,691,168	11,154,791	16,100,639	14,682,844	29,791,807	25,837,635
Total net position	\$ 54,793,685	\$ 51,455,670	\$ 34,569,692	\$ 35,267,658	\$ 89,363,377	\$ 86,723,328

The Township experienced an increase in net position of the governmental activities and decrease in net position of business-type activities.

Charter Township of Oakland

Management's Discussion and Analysis

December 31, 2023

The Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Revenue						
Program revenue:						
Charges for services	\$ 589,533	\$ 425,257	\$ 3,608,673	\$ 3,112,746	\$ 4,198,206	\$ 3,538,003
Operating grants	731,961	853,961	-	-	731,961	853,961
Capital grants	-	-	66,003	68,283	66,003	68,283
General revenue:						
Property taxes	9,484,412	-	-	-	9,484,412	-
Intergovernmental	2,316,973	1,854,237	-	-	2,316,973	1,854,237
Investment (losses) income	1,490,945	(125,133)	731,514	(17,587)	2,222,459	(142,720)
Other revenue	788,920	379,244	968,865	822,717	1,757,785	1,201,961
Total revenues	15,402,744	3,387,566	5,375,055	3,986,159	20,777,799	7,373,725
Expenses						
General government	1,781,184	2,174,557	-	-	1,781,184	2,174,557
Public safety	5,614,151	3,920,190	-	-	5,614,151	3,920,190
Public works	496,144	85,741	-	-	496,144	85,741
Community and economic development	178,838	96,111	-	-	178,838	96,111
Recreation and culture	3,994,412	2,908,519	-	-	3,994,412	2,908,519
Operating expenses other than depreciation	-	-	3,537,304	2,856,552	3,537,304	2,856,552
Depreciation	-	-	836,787	846,512	836,787	846,512
Interest expense	-	-	284,757	146,476	284,757	146,476
Other nonoperating expenses	-	-	1,414,173	726,550	1,414,173	726,550
Total expenses	12,064,729	9,185,118	6,073,021	4,576,090	18,137,750	13,761,208
Change in net position	\$ 3,338,015	\$ (5,797,552)	\$ (697,966)	\$ (589,931)	\$ 2,640,049	\$ (6,387,483)

Revenue for governmental activities totaled \$15.4 million for the year ended December 31, 2023. A total of \$9.4 million, or approximately 61%, of all governmental activities revenue received by the Township was in the form of property taxes. The remaining \$6.0 million was the net results of grants, intergovernmental revenue, investment earnings/losses, charges for services, and other revenue.

Governmental activities revenue increased by approximately \$12 million primarily due to the nine-month period in 2022 having no property tax revenue recognition coupled with increased investment income in 2023.

Charter Township of Oakland

Management's Discussion and Analysis

December 31, 2023

Governmental expenses increased in total by approximately \$2.9 million due almost entirely to the shortened nine-month fiscal period in the prior year.

Net position for the business-type activities decreased by approximately \$698,000 from the prior year, mainly due to the shortened nine-month fiscal year in 2022, which caused revenue to be lower as well as expenses.

Financial Analysis of Township Funds and Budgets

The General Fund ended 2023 with a total fund balance of \$14.1 million, with \$13.3 million in unassigned fund balance. The total General Fund revenue was higher than the budgeted amount by approximately \$785,000 or 18%, which relates to higher than expected investment income. Total expenditures before transfers were lower than the amended budget by approximately \$1.0 million or 31%. Several public works and other capital expenditures were not started or completed as of December 31, 2023, contributing to favorable variances of approximately \$129,000 and \$579,000, respectively.

Besides the General Fund, the Township reports budgetary comparison schedules for each of its other major special revenue funds, those being the Fire Fund, Police Fund, Parks Fund, and Land Preservation Fund. The Fire, Police, Parks, and Land Preservation funds all reported favorable net budget variances of approximately \$43,000, \$314,000, \$503,000, and \$575,000, respectively. The favorable variances are mainly due to capital projects not being started or completed by the conclusion of the fiscal period.

Capital Assets and Debt Administration

At the end of 2023, the Township's governmental activities had approximately \$32.5 million of capital assets, net of depreciation, invested in buildings, land improvements, information technology, equipment, and vehicles. The governmental activities reported approximately \$333,000 of additions this year. The business-type activities reported approximately \$26.0 million of capital assets, net of depreciation, primarily invested in infrastructure assets. The business-type activities reported approximately \$3.3 million of additions for the year.

There is no general obligation debt issued by the Township as of December 31, 2023. Debt relating to the Oakland Macomb Interceptor Drainage sewer system totaling approximately \$2.1 million and the Oakland County-Oakland Township water system improvement bonds totaling approximately \$5.2 million are recorded as liabilities on the business-type activities statement of net position.

Charter Township of Oakland

Management's Discussion and Analysis

December 31, 2023

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

Current Economic Events

The Township realized a \$130.4 million, or 8%, increase in taxable values for the fiscal year ended December 31, 2023 compared to the previous year. Accelerating property values, along with new housing starts, continue to provide the Township with a steady stream of revenue. With a healthy General Fund balance, minimal debt, and no legacy costs, the Township is in an excellent economic position to (1) maintain and improve services to its residents, (2) assess and meet its capital needs going forward, and (3) provide appropriate staffing levels within its departments. In recent years, these conditions have allowed the Township to lower its operating millage within the General Fund budget.

Aside from services provided through the General Fund millage, the Township, through additional voter-approved millages, provides fire (.9256), police (1.6253), senior citizen (.3150), safety path trail system (.1612), parks (.6941), land preservation (.6121), library (.5744), and historic district preservation (.1078) services and activities. The Township is the premier location in southeast Michigan to live and enjoy the open spaces provided by our user-friendly park system. Building on the long tradition of conservative money management, the Township retains significant fund balances in all of our operating accounts. These fund balances allow us to maintain quality services, even during economic downturns. The fund balances also allow us to meet major capital needs without the need to incur debt. The current fiscal period from January 1, 2024 through December 31, 2024 will see continued attention to our road system and development of our water and sewer systems in progress.

Requests for Further Information

This financial report is intended to provide a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at Township Hall located at 4393 Collins Road, Rochester, Michigan 48306.

Charter Township of Oakland

Statement of Net Position

December 31, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 24,272,104	\$ 14,086,455	\$ 38,358,559
Receivables:			
Property taxes receivable	8,515,969	-	8,515,969
Receivables from sales to customers on account	-	909,577	909,577
Accrued interest receivable	84,109	151,747	235,856
Other receivables	125,693	-	125,693
Due from other governmental units	397,899	8,456	406,355
Prepaid expenses and other assets	90,670	3,273	93,943
Restricted assets	-	2,077,647	2,077,647
Capital assets:			
Assets not subject to depreciation	25,261,628	5,496,366	30,757,994
Assets subject to depreciation – net	7,215,217	20,545,090	27,760,307
Total assets	65,963,289	43,278,611	109,241,900
Deferred Outflows of Resources	42,871	-	42,871
Liabilities			
Accounts payable	498,167	360,895	859,062
Due to other governmental units	25,148	64,606	89,754
Refundable deposits, bonds, etc.	-	569,640	569,640
Accrued liabilities and other	501,556	104,189	605,745
Unearned revenue	725,066	-	725,066
Noncurrent liabilities:			
Due within one year	300,645	272,544	573,189
Due in more than one year	75,912	7,337,045	7,412,957
Total liabilities	2,126,494	8,708,919	10,835,413
Deferred Inflows of Resources			
Property taxes levied for the following year	9,085,981	-	9,085,981
Total deferred inflows of resources	9,085,981	-	9,085,981
Net Position			
Net investment in capital assets	32,476,845	18,469,053	50,945,898
Restricted:			
Police	2,264,999	-	2,264,999
Fire	518,487	-	518,487
Cable	100,826	-	100,826
Parks	1,633,817	-	1,633,817
Trails	1,933,481	-	1,933,481
Historic District Commission	543,606	-	543,606
Library	236,115	-	236,115
Land preservation	1,368,688	-	1,368,688
Older Persons' Commission	20,234	-	20,234
OPC Transportation	5,419	-	5,419
Unrestricted	13,691,168	16,100,639	29,791,807
Total net position	\$ 54,793,685	\$ 34,569,692	\$ 89,363,377

Charter Township of Oakland

Statement of Activities

Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government							
Governmental activities:							
General government	\$ 1,781,184	\$ 61,502	\$ 731,961	\$ -	\$ (987,721)	\$ -	\$ (987,721)
Public safety	5,614,151	443,592	-	-	(5,170,559)	-	(5,170,559)
Public works	496,144	-	-	-	(496,144)	-	(496,144)
Community and economic development	178,838	-	-	-	(178,838)	-	(178,838)
Recreation and culture	3,994,412	84,439	-	-	(3,909,973)	-	(3,909,973)
Total governmental activities	12,064,729	589,533	731,961	-	(10,743,235)	-	(10,743,235)
Business-type activities:							
Sewer fund	1,989,851	1,412,454	-	66,003	-	(511,394)	(511,394)
Water fund	3,441,266	1,685,025	-	-	-	(1,756,241)	(1,756,241)
Building fund	641,904	511,194	-	-	-	(130,710)	(130,710)
Total business-type activities	6,073,021	3,608,673	-	66,003	-	(2,398,345)	(2,398,345)
Total primary government	\$ 18,137,750	\$ 4,198,206	\$ 731,961	\$ 66,003	(10,743,235)	(2,398,345)	(13,141,580)
General Revenue:							
Property taxes					9,484,412	-	9,484,412
State-shared revenue					2,316,973	-	2,316,973
Investment income					1,490,945	731,514	2,222,459
Cable franchise fees					364,004	-	364,004
Transfers					211,800	(211,800)	-
Other miscellaneous income					213,116	1,180,665	1,393,781
Total general revenue					14,081,250	1,700,379	15,781,629
Change in net position					3,338,015	(697,966)	2,640,049
Net position at beginning of year					51,455,670	35,267,658	86,723,328
Net position at end of year					\$ 54,793,685	\$ 34,569,692	\$ 89,363,377

See notes to financial statements.

Charter Township of Oakland

Governmental Funds Balance Sheet

December 31, 2023

	General Fund	Fire Fund	Police Fund	Parks Fund	Land Preservation Fund	Nonmajor Funds	Total Governmental Funds
Assets							
Cash and investments	\$ 14,486,366	\$ 742,923	\$ 2,946,198	\$ 1,756,939	\$ 1,505,397	\$ 2,834,281	\$ 24,272,104
Receivables:							
Property taxes receivable	131	1,557,811	2,744,227	1,171,949	1,033,502	2,008,349	8,515,969
Accrued interest receivable	41,088	-	435	21,293	-	21,293	84,109
Other receivables	120,162	41	-	5,490	-	-	125,693
Due from other governmental units	397,899	-	-	-	-	-	397,899
Prepaid expenses and other assets	40,249	19,644	28,259	1,333	815	370	90,670
Total assets	<u>15,085,895</u>	<u>2,320,419</u>	<u>5,719,119</u>	<u>2,957,004</u>	<u>2,539,714</u>	<u>4,864,293</u>	<u>33,486,444</u>
Deferred Outflows of Resources	-	42,871	-	-	-	-	42,871
Total Assets and Deferred Outflows	<u>\$ 15,085,895</u>	<u>\$ 2,363,290</u>	<u>\$ 5,719,119</u>	<u>\$ 2,957,004</u>	<u>\$ 2,539,714</u>	<u>\$ 4,864,293</u>	<u>\$ 33,529,315</u>
Liabilities							
Accounts payable	\$ 83,244	\$ 49,892	\$ 266,144	\$ 41,347	\$ 54,376	\$ 3,164	\$ 498,167
Due to other governmental units	7,913	-	-	-	-	17,235	25,148
Accrued liabilities and other	102,306	122,199	241,991	23,729	6,355	4,976	501,556
Unearned revenue	725,066	-	-	-	-	-	725,066
Total liabilities	<u>918,529</u>	<u>172,091</u>	<u>508,135</u>	<u>65,076</u>	<u>60,731</u>	<u>25,375</u>	<u>1,749,937</u>
Deferred Inflows of Resources							
Unavailable revenue	28,376	-	-	-	-	-	28,376
Property taxes levied for the following year	-	1,672,712	2,945,985	1,258,111	1,109,480	2,099,693	9,085,981
Fund Balances							
Nonspendable – prepaid expenses	40,249	19,644	28,259	1,333	815	370	90,670
Restricted:							
Police	-	-	2,236,740	-	-	-	2,236,740
Fire	-	498,843	-	-	-	-	498,843
Cable	100,826	-	-	-	-	-	100,826
Parks	-	-	-	1,632,484	-	-	1,632,484
Trails	-	-	-	-	-	1,933,481	1,933,481
Historic District Commission	-	-	-	-	-	543,606	543,606
Library	-	-	-	-	-	236,115	236,115
Older Persons' Commission	-	-	-	-	-	20,234	20,234
OPC Transportation	-	-	-	-	-	5,419	5,419
Land preservation	-	-	-	-	1,368,688	-	1,368,688
Assigned:							
Subsequent year's budget	321,011	-	-	-	-	-	321,011
Roads	169,000	-	-	-	-	-	169,000
Beautification	135,742	-	-	-	-	-	135,742
Bike path	66,926	-	-	-	-	-	66,926
Unassigned	13,305,236	-	-	-	-	-	13,305,236
Total fund balances	<u>14,138,990</u>	<u>518,487</u>	<u>2,264,999</u>	<u>1,633,817</u>	<u>1,369,503</u>	<u>2,739,225</u>	<u>22,665,021</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,085,895</u>	<u>\$ 2,363,290</u>	<u>\$ 5,719,119</u>	<u>\$ 2,957,004</u>	<u>\$ 2,539,714</u>	<u>\$ 4,864,293</u>	<u>\$ 33,529,315</u>

Charter Township of Oakland

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2023

Fund Balances Reported in Governmental Funds	\$	22,665,021
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds		32,476,845
Certain receivables were earned during the current fiscal period but are not available to pay for current period expenditures		28,376
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities – employee compensated absences		<u>(376,557)</u>
Net position of Governmental Activities	\$	<u><u>54,793,685</u></u>

Charter Township of Oakland

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2023

	General Fund	Fire Fund	Police Fund	Parks Fund	Land Preservation Fund	Nonmajor Funds	Total Governmental Funds
Revenue							
Property taxes	\$ 845,713	\$ 1,555,506	\$ 2,745,355	\$ 1,167,701	\$ 1,029,746	\$ 2,140,391	\$ 9,484,412
Intergovernmental:							
Federal grants	731,961	-	-	-	-	-	731,961
State sources	2,269,184	24,949	-	22,840	-	-	2,316,973
Charges for services	61,502	431,875	11,717	84,439	-	-	589,533
Fines and forfeitures	24,013	-	-	-	-	-	24,013
Licenses and permits:							
Cable and franchise fees	364,004	-	-	-	-	-	364,004
Other licenses and permits	1,274	-	-	-	-	-	1,274
Interest and rentals:							
Investment income	844,108	69,835	223,026	97,144	85,034	171,798	1,490,945
Rental income	32,700	-	-	12,303	4,040	-	49,043
Other revenue	90,465	65,716	-	529	4,146	5,127	165,983
Total revenue	5,264,924	2,147,881	2,980,098	1,384,956	1,122,966	2,317,316	15,218,141
Expenditures							
Current services:							
General government	1,602,569	-	-	-	-	-	1,602,569
Public safety	-	2,579,567	2,679,601	-	-	-	5,259,168
Public works	488,643	-	-	-	-	-	488,643
Community and economic development	178,838	-	-	-	-	-	178,838
Recreation and culture	-	-	-	1,022,786	450,305	1,825,702	3,298,793
Capital outlay	68,816	100,413	66,717	114,179	39,248	50,946	440,319
Total expenditures	2,338,866	2,679,980	2,746,318	1,136,965	489,553	1,876,648	11,268,330
Excess of Revenue Over (Under) Expenditures	2,926,058	(532,099)	233,780	247,991	633,413	440,668	3,949,811
Other Financing Sources (Uses)							
Transfers in	203,000	574,968	-	-	-	-	777,968
Transfers out	(566,168)	-	-	-	-	-	(566,168)
Total other financing (uses) sources	(363,168)	574,968	-	-	-	-	211,800
Net change in fund balances	2,562,890	42,869	233,780	247,991	633,413	440,668	4,161,611
Fund balances at beginning of period	11,576,100	475,618	2,031,219	1,385,826	736,090	2,298,557	18,503,410
Fund balances at end of period	\$ 14,138,990	\$ 518,487	\$ 2,264,999	\$ 1,633,817	\$ 1,369,503	\$ 2,739,225	\$ 22,665,021

See notes to financial statements.

Charter Township of Oakland

Governmental Funds

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

Year Ended December 31, 2023

Net change in fund balances reported in governmental funds	\$	4,161,611
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Depreciation expense		(1,065,761)
Net book value of disposals		36,496
Capital outlay		281,570
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available		(27,197)
Some employee costs (compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		(48,704)
Change in net position of governmental activities	\$	<u>3,338,015</u>

Charter Township of Oakland

Proprietary Funds Statement of Net Position

December 31, 2023

	Enterprise Funds			
	Sewer Fund	Water Fund	Building Fund	Total
Assets				
Current assets:				
Cash and investments	\$ 8,861,221	\$ 3,111,702	\$ 2,113,532	\$ 14,086,455
Receivables:				
Receivables from sales to customers on account	323,963	585,614	-	909,577
Accrued interest receivable	121,821	-	29,926	151,747
Due from other governmental units	6,607	1,849	-	8,456
Prepaid expenses and other assets	-	-	3,273	3,273
Total current assets	9,313,612	3,699,165	2,146,731	15,159,508
Noncurrent assets:				
Restricted assets	404,638	1,673,009	-	2,077,647
Capital assets:				
Assets not subject to depreciation	762,948	4,733,418	-	5,496,366
Assets subject to depreciation - net	7,985,409	12,467,840	91,841	20,545,090
Total noncurrent assets	9,152,995	18,874,267	91,841	28,119,103
Total assets	18,466,607	22,573,432	2,238,572	43,278,611
Liabilities				
Current liabilities:				
Accounts payable	5,271	300,303	55,321	360,895
Due to other governmental units	64,606	-	-	64,606
Refundable deposits, bonds, etc.	-	180,500	389,140	569,640
Accrued liabilities and other	42,969	52,000	9,220	104,189
Compensated absences	-	-	26,558	26,558
Current portion of long-term debt	155,986	90,000	-	245,986
Total current liabilities	268,832	622,803	480,239	1,371,874
Noncurrent liabilities:				
Compensated absences	-	-	10,628	10,628
Long-term debt	2,137,772	5,188,645	-	7,326,417
Total noncurrent liabilities	2,137,772	5,188,645	10,628	7,337,045
Total liabilities	2,406,604	5,811,448	490,867	8,708,919
Net Position				
Net investment in capital assets	6,454,599	11,922,613	91,841	18,469,053
Unrestricted	9,605,404	4,839,371	1,655,864	16,100,639
Total net position	\$ 16,060,003	\$ 16,761,984	\$ 1,747,705	\$ 34,569,692

Charter Township of Oakland

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2023

	Enterprise Funds			
	Sewer Fund	Water Fund	Building Fund	Total
Operating revenue				
Sale of water	\$ -	\$ 1,534,911	\$ -	\$ 1,534,911
Sewage disposal charges	1,320,189	-	-	1,320,189
Permit revenue	-	-	510,070	510,070
Other operating revenue	92,265	150,114	1,124	243,503
Total operating revenue	1,412,454	1,685,025	511,194	3,608,673
Operating expenses				
Cost of water	-	1,267,548	-	1,267,548
Cost of sewage treatment	896,869	-	-	896,869
Other operation and maintenance	206,962	248,632	-	455,594
Billing and administrative costs	92,965	197,804	-	290,769
Other operating expense	5,286	-	-	5,286
Building inspections and related activity	-	-	621,238	621,238
Depreciation	303,439	512,682	20,666	836,787
Total operating expenses	1,505,521	2,226,666	641,904	4,374,091
Operating loss	(93,067)	(541,641)	(130,710)	(765,418)
Nonoperating revenue (expense)				
Investment income	442,456	182,997	106,061	731,514
Interest expense	(58,844)	(225,913)	-	(284,757)
Other nonoperating expenses	(425,486)	(988,687)	-	(1,414,173)
Other nonoperating revenue	176,033	1,004,632	-	1,180,665
Total nonoperating (expense) revenue	134,159	(26,971)	106,061	213,249
Income/(loss) before capital contributions and transfers	41,092	(568,612)	(24,649)	(552,169)
Capital contributions	66,003	-	-	66,003
Transfers	-	-	(211,800)	(211,800)
Change in net position	107,095	(568,612)	(236,449)	(697,966)
Net position at beginning of period	15,952,908	17,330,596	1,984,154	35,267,658
Net position at end of period	\$ 16,060,003	\$ 16,761,984	\$ 1,747,705	\$ 34,569,692

Charter Township of Oakland

Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2023

	Enterprise Funds			
	Sewer Fund	Water Fund	Building Fund	Total
Cash flows from operating activities				
Receipts from customers	\$ 1,398,330	\$ 1,725,351	\$ 535,612	\$ 3,659,293
Payments to suppliers	(1,165,828)	(1,519,196)	(229,848)	(2,914,872)
Payments to employees	-	-	(368,895)	(368,895)
Net cash and cash equivalents provided by (used in) operating activities	232,502	206,155	(63,131)	375,526
Cash flows used in noncapital financing activities				
Nonoperating items charged by the County	(179,452)	120,913	-	(58,539)
Cash flows from capital and related financing activities				
Receipt of capital charges	66,003	-	-	66,003
Purchase of capital assets	(410,857)	(493,505)	(67,439)	(971,801)
Issuance of new debt	66,295	-	-	66,295
Principal and interest paid on capital debt	(210,590)	(290,913)	-	(501,503)
Transfer to other funds	-	-	(211,800)	(211,800)
Net cash and cash equivalents (used in) provided by capital and related financing activities	(489,149)	(784,418)	(279,239)	(1,552,806)
Cash flows from investing activities				
Gain on investments	397,258	161,358	94,053	652,669
Purchases of investment securities	(1,264,684)	-	-	(1,264,684)
Proceeds from sale and maturities of investment securities	1,090,180	457,983	846,324	2,394,487
Net cash and cash equivalents (used in) provided by investing activities	222,754	619,341	940,377	1,782,472
Net (decrease) increase in cash and cash equivalents	(213,345)	161,991	598,007	546,653
Cash and cash equivalents at beginning of period	6,123,326	2,940,771	1,507,885	10,571,982
Cash and cash equivalents at end of period	\$ 5,909,981	\$ 3,102,762	\$ 2,105,892	\$ 11,118,635
Classification of cash and cash equivalents				
Cash and investments	\$ 8,861,221	\$ 3,111,702	\$ 2,113,532	\$ 14,086,455
Less amounts classified as investments	(2,951,240)	(8,940)	(7,640)	(2,967,820)
Total cash and cash equivalents	\$ 5,909,981	\$ 3,102,762	\$ 2,105,892	\$ 11,118,635

See notes to financial statements.

Charter Township of Oakland

Proprietary Funds
Statement of Cash Flows

Year Ended December 31, 2023

	Enterprise Funds			
	Sewer Fund	Water Fund	Building Fund	Total
Reconciliation of operating loss to net cash from operating activities				
Operating loss	\$ (93,067)	\$ (541,641)	\$ (130,710)	\$ (765,418)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation	303,439	512,682	20,666	836,787
Changes in assets and liabilities:				
Receivables	(10,622)	38,772	4,832	32,982
Prepaid and other assets	(3,502)	1,554	234	(1,714)
Compensated absences	-	-	373	373
Accounts payable and other accrued liabilities	36,254	194,788	41,474	272,516
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 232,502</u>	<u>\$ 206,155</u>	<u>\$ (63,131)</u>	<u>\$ 375,526</u>

Charter Township of Oakland
 Fiduciary Funds
 Statement of Fiduciary Net Position

December 31, 2023

	Total Custodial Funds
Assets	
Cash and cash equivalents	\$ 2,076,541
Receivables	8,400
Total assets	2,084,941
 Liabilities	
Due to other governmental units	2,015,076
Accrued liabilities and other	1,444
Total liabilities	2,016,520
 Deferred inflows of resources	
Property taxes levied for the following year	8,400
Total liabilities and deferred inflows of resources	2,024,920
 Net Position	
Restricted – lake improvements	\$ 60,021

Charter Township of Oakland
 Fiduciary Funds
 Statement of Fiduciary Net Position

Year Ended December 31, 2023

	Total Custodial Funds
Additions	
Lake improvement assessments	\$ 47,276
Property tax collections	2,015,076
Deductions	
Lake improvements	46,991
Property tax disbursements	2,015,076
Net decrease in fiduciary net position	285
Net position at beginning of period	59,736
Net position at end of period	\$ 60,021

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies

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

Reporting Entity

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

Blended Component Unit

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

Jointly Governed Organizations

The Paint Creek Trailways Commission (Commission), a joint venture agreement effective December 23, 1981, was entered into by the Charter Township of Oakland; the Charter Township of Orion; the City of Rochester Hills, Michigan; and the City of Rochester, Michigan for the purpose of establishing and providing for the powers and duties of the Paint Creek Trailways Commission, pursuant to the Urban Cooperation Act (P.A. 7 of 1967). The Commission is a separate legal entity for the purpose of owning, exercising right of dominion over, developing, providing, maintaining, and operating certain nonmotorized public trails for recreational use within the jurisdictions of member governmental units. The Township appoints two commissioners to the governing board, which is responsible for approving the annual budget. Pursuant to the agreement, each member shall be responsible for an equal share of the Commission's budget. For the year ended December 31, 2023, the Township provided \$0 to the Commission. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Paint Creek Trailways Commission is not considered a part of the reporting entity of the Township. Separate financial statements of the joint venture may be obtained at Paint Creek Trailways Commission, 4393 Collins Road, Rochester, MI 48306.

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Jointly Governed Organizations (continued)

The Older Persons' Commission, an interlocal agreement effective March 28, 1985 and amended on August 28, 1995, was entered into by the Charter Township of Oakland; the City of Rochester Hills, Michigan; and the City of Rochester, Michigan for the purpose of establishing an older persons' commission pursuant to the Urban Cooperation Act (P.A. 7 of 1967). The Older Persons' Commission is a separate legal entity for the purpose of providing activities and services for older persons, defined as those individuals 50 years of age or older residing in the governmental units that are parties to the agreement. The activities and services to be provided include, but are not limited to, the joint ownership and operation of an older persons' activity center and transportation. The Township appoints one member to the Older Persons' Commission. Pursuant to the agreement, each member shall be responsible for its pro rata share of the budget based upon its assessed valuation of the property. During the year ended December 31, 2023, the Township provided \$548,509 to the Older Persons' Commission. The Older Persons' Commission is not considered a part of the reporting entity of the Township. Separate financial statements of the Older Persons' Commission may be obtained at Older Persons' Commission, 650 Letica Drive, Rochester, MI 48307.

Accounting and Reporting Principles

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

Report Presentation

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

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Report Presentation (continued)

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

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

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

Fund Accounting

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Fire Fund accounts for all revenue and expenditures for the Township's fire operations, including millage collection.

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Governmental Funds (continued)

- The Police Fund accounts for the Township's police protection contracted with Oakland County, Michigan. The protection is funded through a special millage.
- The Parks Fund accounts for all revenue and expenditures for the Township's public parks. The activities are funded through a millage collection.
- The Land Preservation Fund accounts for all revenue and expenditures for the Township's activities related to the purchase and maintenance of property for future public use.

Proprietary Funds

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

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

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Custodial funds accounts for assets held by the Township in a trustee capacity.

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Interfund Activity

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

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

Basis of Accounting

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

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

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

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Basis of Accounting (continued)

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

Specific Balances and Transactions

Cash and Cash Equivalents

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

Receivables and Payables

In general, outstanding balances between funds are reported as due from/to other funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal period is referred to as advances to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Investments

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

Restricted Assets

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

Capital Assets

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

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Specific Balances and Transactions (continued)

Capital Assets (continued)

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

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

Unearned Revenue

Unearned revenue represents money received that does not yet meet the criteria for revenue recognition. As of December 31, 2023, the General Fund balance of unearned revenue includes \$654,169 related to the American Rescue Plan Act cash received in advance of eligibility criteria being met and \$70,897 of miscellaneous unearned revenue. Unearned amounts are reported as liabilities.

Long-term Obligations

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

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Specific Balances and Transactions (continued)

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from state-shared revenue and miscellaneous revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

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

Net Position Flow Assumption

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

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Specific Balances and Transactions (continued)

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Specific Balances and Transactions (continued)

Property Tax Revenue

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

The Township's 2022 property tax revenue was levied and collectible in December 2022 and was recognized as revenue in the year ended December 31, 2023, when the proceeds of the levy were budgeted and available for the financing of operations.

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

The 2022 taxable valuation of the Township totaled \$1.68 billion. Taxes were levied as follows:

<u>Purpose</u>	<u>Millage Rate</u>	<u>Revenue</u>
General operating	0.4990	\$ 837,685
Library	0.5744	964,267
Parks	0.6941	1,165,220
Fire	0.9256	1,553,862
Police	1.6336	2,742,454
Land Preservation	0.6121	1,027,558
Older Persons' Commission	0.3150	528,786
OPC Transportation	0.0829	139,135
Trails Improvement	0.1612	270,586
Historic District Commission	0.1078	180,939

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Specific Balances and Transactions (continued)

Compensated Absences (Vacation and Sick Leave)

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

Proprietary Funds Operating Classification

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

Use of Estimates

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

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Upcoming Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidelines for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2024.

Adopted Accounting Pronouncements

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions did not have a material effect on Township's financial statements for the year ending December 31, 2023.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The provisions did not have a material effect on Township's financial statements for the year ending December 31, 2023.

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

2. Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investments by local units of government in Michigan.

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

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

Custodial Credit Risk of Bank Deposits.

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At period end, the Township had bank deposits totaling \$10,764,094.27 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC) insurance, it is impractical to insure all deposits.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy further restricts the Township's government fund investments to instruments with a maturity of two years or less at the time of purchase. Commercial paper can only be purchased with a 270-day maturity.

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

2. Deposits and Investments (continued)

Interest Rate Risk (continued)

At period end, the Township had the following investments:

Investment	Fair Value	Weighted-Average Maturity (Years)
Primary Government		
Michigan CLASS investment pool	\$ 21,004,552	2.33
Local Government investment pool	\$ 61,718	0.20

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of December 31, 2023, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Michigan CLASS investment pool	\$ 21,004,552	AAAm	S&P
Local Government investment pool	\$ 61,718	Not rated	N/A

Concentration of Credit Risk

The Township places no limit on the amount it may invest in any one issuer. Approximately 58% of the Township's cash and investments are in the Michigan CLASS investment pool and the Oakland County Local Government Investment Pool (LGIP). The LGIP is not registered with the Securities and Exchange Commission (SEC) and does not issue a separate report. The fair value position in the pool is not the same as the value of the pool shares since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost.

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

2. Deposits and Investments (continued)

Fair Value Measurements

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

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

The Township has the following recurring fair value measurements as of December 31, 2023:

The Township's investments in the Oakland County LGIP (\$61,718) and the Michigan CLASS investment pool (\$21,004,552) are measured at net asset value.

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

Investments in Entities that Calculate Net Asset Value per Share

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

At December 31, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Oakland County Local Government Pool	\$ 61,718	\$ -	No restrictions	None
Michigan CLASS investment pool	21,004,552	-	No restrictions	None
	<u>\$ 21,066,270</u>	<u>\$ -</u>		

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

2. Deposits and Investments (continued)

Investments in Entities that Calculate Net Asset Value per Share (continued)

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

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

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

3. Capital Assets

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

Governmental Activities

	Balance December 31, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2023
Capital assets not being depreciated:					
Land	\$ 25,217,638	\$ -	\$ -	\$ -	\$ 25,217,638
Construction in progress	51,911	(7,921)	-	-	43,990
Subtotal	25,269,549	(7,921)	-	-	25,261,628
Capital assets being depreciated:					
Infrastructure	2,031,525	-	3,500	-	2,035,025
Buildings and improvements	11,865,224	-	48,436	26,347	11,940,007
Machinery and equipment	1,392,001	-	115,043	-	1,507,044
Vehicles	3,792,473	(43,934)	107,277	(256,412)	3,599,404
Office furnishings	471,587	-	1,077	-	472,664
Information technology	241,994	-	25,848	-	267,842
Land improvements	5,831,652	-	32,244	6,170	5,870,066
Subtotal	25,626,456	(43,934)	333,425	(223,895)	25,692,052
Accumulated depreciation:					
Infrastructure	2,031,525	-	175	-	2,031,700
Buildings and improvements	7,297,942	-	350,773	-	7,648,715
Machinery and equipment	914,984	-	123,795	-	1,038,779
Vehicles	2,510,809	-	124,239	(260,391)	2,374,657
Office furnishings	461,460	-	3,334	-	464,794
Information technology	217,650	-	16,731	-	234,381
Land improvements	4,237,095	-	446,714	-	4,683,809
Subtotal	17,671,465	-	1,065,761	(260,391)	18,476,835
Net capital assets being depreciated	7,954,991	(43,934)	(732,336)	36,496	7,215,217
Net governmental activities capital assets	\$ 33,224,540	\$ (51,855)	\$ (732,336)	\$ 36,496	\$ 32,476,845

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

3. Capital Assets (continued)

Business-type Activities

	Balance December 31, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2023
Capital assets not being depreciated:					
Construction in progress	\$ 2,177,578	\$ -	\$ 3,318,788	\$ -	\$ 5,496,366
Capital assets being depreciated:					
Sewer system	14,839,523	-	-	-	14,839,523
Water system	16,476,009	-	-	-	16,476,009
Buildings and improvements	61,320	-	-	9,147	70,467
Machinery and equipment	63,358	-	-	-	63,358
Vehicles	103,300	43,934	-	-	147,234
Information technology	34,181	-	14,360	-	48,541
Subtotal	31,577,691	43,934	14,360	9,147	31,645,132
Accumulated depreciation:					
Sewer system	6,550,678	-	303,439	1	6,854,118
Water system	3,495,490	-	512,682	(3)	4,008,169
Buildings and improvements	5,598	-	2,066	1	7,665
Machinery and equipment	54,485	-	4,364	(1)	58,848
Vehicles	80,082	-	11,610	43,933	135,625
Information technology	32,991	-	2,626	-	35,617
Subtotal	10,219,324	-	836,787	43,931	11,100,042
Net capital assets being depreciated	21,358,367	43,934	(822,427)	(34,784)	20,545,090
Net business-type activities capital assets	\$ 23,535,945	\$ 43,934	\$ 2,496,361	\$ (34,784)	\$ 26,041,456

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

3. Capital Assets (continued)

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

Governmental activities:	
General government	\$ 121,630
Public safety	297,998
Public works	7,501
Recreation and culture	638,632
Total governmental activities	<u>\$ 1,065,761</u>
Business-type activities:	
Water	\$ 512,682
Sewer	303,439
Building	20,666
Total business-type activities	<u>\$ 836,787</u>

4. Interfund Receivables, Payables, and Transfers

Interfund transfers reported in the fund financial statements are composed of a \$566,168 transfer from the General Fund to the Fire Fund, which represents the use of unrestricted resources to finance capital acquisitions and operations.

5. Long-term Debt

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

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

5. Long-term Debt (continued)

Long-term debt activity for the year ended December 31, 2023 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Accumulated compensated absences	\$ 327,853	\$ 112,522	\$ (63,818)	\$ 376,557	\$ 300,645

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ratings	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable – Direct borrowings and direct placements:							
Oakland-Macomb Interceptor Drainage District Drain Bonds – Series, 2010A – Amount of issue – \$525,666 Maturing through 2032	2.50%	\$27,719 – \$32,960	\$ 269,223	\$ -	\$ (27,013)	\$ 242,210	\$ 27,719
Oakland-Macomb Interceptor Drainage District Drain Bonds – Series, 2019A – Amount of issue – \$135,065 Maturing through 2031	1.85%	\$8,064 – \$10,080	70,255	604	(7,660)	63,199	8,064
Oakland-Macomb Interceptor Drainage District Drain Bonds – Series, 2011 – Amount of issue – \$631,878 Maturing through 2034	2.50%	\$31,681 – \$39,477	385,612	-	(30,938)	354,674	31,681
Oakland-Macomb Interceptor Drainage District Drain Bonds – Series, 2013A – Amount of issue – \$1,378,847 Maturing through 2035	2.00%	\$67,842 – \$82,659	826,093	65,691	(66,466)	825,318	67,842
Oakland-Macomb Interceptor Drainage District Drain Bonds – Series, 2020A – Amount of issue – \$1,370,000 Maturing through 2041	2.00% - 5.00%	\$20,680 – \$54,090	738,872	-	(19,669)	719,202	20,680
Oakland County – Water Supply System Improvement Bonds – Series 2022 – Amount of issue – \$5,215,000 Maturing through 2053	4.00% - 5.00%	\$90,000 – \$300,000	5,215,000	-	(65,000)	5,150,000	90,000
Total principal outstanding			7,505,055	66,295	(216,746)	7,354,603	245,986
Unamortized bond premium			227,482	-	(9,682)	217,800	-
Total bonds and contracts payable			7,732,537	66,295	(226,428)	7,572,403	245,986
Compensated absences			36,813	866	(493)	37,186	26,558
Total business-type activities long-term debt			\$ 7,769,350	\$ 67,161	\$ (226,921)	\$ 7,609,589	\$ 272,544

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

5. Long-term Debt (continued)

Debt Service Requirements to Maturity

Total interest expense for the year ended December 31, 2023 was approximately \$285,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Business-type Activities – Direct Borrowings		
	Principal	Interest	Total
2024	\$ 245,582	\$ 279,490	\$ 525,072
2025	254,913	270,516	525,429
2026	270,092	261,000	531,092
2027	280,228	250,916	531,144
2028	290,413	240,393	530,806
2029 – 2033	1,533,844	1,032,310	2,566,154
2034 – 2038	1,117,362	786,575	1,903,937
2039 – 2043	1,062,170	589,213	1,651,383
2044 – 2048	1,175,000	368,022	1,543,022
2049 – 2052	1,125,000	98,068	1,223,068
Total	\$ 7,354,604	\$ 4,176,503	\$ 11,531,107

6. Defined Contribution Pension Plan

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

The Township's contributions for each employee are fully vested after one and one-half months of continuous service. Employees may contribute to the plan on a voluntary basis. In accordance with these requirements, the Township contributed approximately \$353,000 during the year ended December 31, 2023.

Charter Township of Oakland

Notes to Financial Statements

December 31, 2023

7. Risk Management

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

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

8. Library Agreement

The Charter Township of Oakland Public Library Board has an agreement with the Rochester Hills Public Library Board for library services. In consideration for library services, the Township remits the two voter-approved library millages, as reduced by the Headlee Amendment, calculated using the previous year's taxable valuation of the Township. For the fiscal year ended March 31, 2023, the library millages totaled 0.5744 mills (2022 tax roll). The Township remitted to the Rochester Hills Public Library approximately \$965,000 during the year ended December 31, 2023.

Required Supplementary Information

Charter Township of Oakland
 General Fund
 Budgetary Comparison Schedule

Year Ended December 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 837,300	\$ 837,300	\$ 845,713	\$ 8,413
Intergovernmental:				
Federal grants	733,500	743,200	731,961	(11,239)
State sources	2,173,500	2,173,500	2,269,184	95,684
Charges for services	45,700	45,700	61,502	15,802
Fines and forfeitures	35,000	35,000	24,013	(10,987)
Licenses and permits				
Cable franchise fees	374,000	374,000	364,004	(9,996)
Other licenses and permits	700	700	1,274	574
Interest and rentals				
Investment income (losses)	163,200	163,200	844,108	680,908
Rental income	32,500	32,500	32,700	200
Other revenue	75,300	75,300	90,465	15,165
Total revenue	4,470,700	4,480,400	5,264,924	784,524
Expenditures				
Current services:				
General government:				
Township board	352,100	433,650	376,970	56,680
Township supervisor	19,100	19,500	17,158	2,342
Manager	255,500	255,500	200,857	54,643
Township treasurer	219,300	219,300	185,173	34,127
Assessor	140,000	143,200	143,156	44
Board of review	2,700	2,700	1,092	1,608
Township clerk	373,800	376,300	323,562	52,738
Buildings and grounds	395,900	401,200	338,635	62,565
Elections	23,800	23,800	13,966	9,834
Cemetary	4,000	4,000	2,000	2,000
Public works:				
Roads and projects	470,000	606,000	477,198	128,802
Street lighting	12,000	12,000	11,445	555
Community and economic development				
Planning commission	107,200	107,200	86,499	20,701
Community programs and development	101,800	115,100	92,339	22,761
Capital outlay	606,500	647,500	68,816	578,684
Total expenditures	3,083,700	3,366,950	2,338,866	1,028,084
Excess of revenue (under) over expenditures	1,387,000	1,113,450	2,926,058	1,812,608
Other financing sources (uses):				
Transfers in	203,000	203,000	203,000	-
Transfers out	(2,316,900)	(2,316,900)	(566,168)	(1,750,732)
Total other financing uses	(2,113,900)	(2,113,900)	(363,168)	(1,750,732)
Net change in fund balance	(726,900)	(1,000,450)	2,562,890	3,563,340
Fund balance at beginning of period	11,576,100	11,576,100	11,576,100	-
Fund balance at end of period	\$ 10,849,200	\$ 10,575,650	\$ 14,138,990	\$ 3,563,340

See note to required supplementary information.

Charter Township of Oakland

Fire Fund

Budgetary Comparison Schedule – Major Special Revenue Funds

Year Ended December 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,554,100	\$ 1,554,100	\$ 1,555,506	\$ 1,406
State-shared revenue and grants	-	25,000	24,949	(51)
Charges for services	339,000	339,000	431,875	92,875
Interest income	4,200	4,200	69,835	65,635
Other revenue	-	19,300	65,716	46,416
Total revenue	<u>1,897,300</u>	<u>1,941,600</u>	<u>2,147,881</u>	<u>206,281</u>
Expenditures				
Current – public safety	2,624,000	2,657,600	2,579,567	78,033
Capital outlay	1,599,000	1,599,000	100,413	1,498,587
Total expenditures	<u>4,223,000</u>	<u>4,256,600</u>	<u>2,679,980</u>	<u>1,576,620</u>
Excess of revenue (under) over expenditures	<u>(2,325,700)</u>	<u>(2,315,000)</u>	<u>(532,099)</u>	<u>1,782,901</u>
Other financing sources (uses):				
Transfers in	2,325,700	2,325,700	574,968	(1,750,732)
Use of fund balance	-	(10,700)	-	10,700
Total other financing uses	<u>\$ 2,325,700</u>	<u>\$ 2,315,000</u>	<u>\$ 574,968</u>	<u>\$ (1,740,032)</u>
Net change in fund balance	-	-	42,869	42,869
Fund balance at beginning of period	475,618	475,618	475,618	-
Fund balance at end of period	<u>\$ 475,618</u>	<u>\$ 475,618</u>	<u>\$ 518,487</u>	<u>\$ 42,869</u>

See note to required supplementary information.

Charter Township of Oakland

Police Fund

Budgetary Comparison Schedule – Major Special Revenue Funds

Year Ended December 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property tax	\$ 2,743,200	\$ 2,743,200	\$ 2,745,355	\$ 2,155
Charges for service	-	-	11,717	11,717
Interest income (loss)	26,000	26,000	223,026	197,026
Total revenue	2,769,200	2,769,200	2,980,098	210,898
Expenditures				
Current – public safety	2,775,500	2,776,100	2,679,601	96,499
Capital outlay	73,000	73,000	66,717	6,283
Total expenditures	2,848,500	2,849,100	2,746,318	102,782
Excess of revenue (under) over expenditures	(79,300)	(79,900)	233,780	313,680
Fund balance at beginning of period	2,031,219	2,031,219	2,031,219	-
Fund balance at end of period	\$ 1,951,919	\$ 1,951,319	\$ 2,264,999	\$ 313,680

See note to required supplementary information.

Charter Township of Oakland

Parks Fund

Budgetary Comparison Schedule – Major Special Revenue Funds

Year Ended December 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,168,900	\$ 1,168,900	\$ 1,167,701	\$ (1,199)
State-shared revenue and grants	-	-	22,840	22,840
Charges for services	97,300	97,300	84,439	(12,861)
Investment and rental income	18,000	18,000	109,447	91,447
Other revenue	-	-	529	529
Total revenue	<u>1,284,200</u>	<u>1,284,200</u>	<u>1,384,956</u>	<u>100,756</u>
Expenditures				
Current – recreation and culture	1,221,700	1,228,300	1,022,786	205,514
Capital outlay	341,000	341,000	114,179	226,821
Total expenditures	<u>1,562,700</u>	<u>1,569,300</u>	<u>1,136,965</u>	<u>432,335</u>
Other financing sources				
Sale of capital assets	30,200	30,200	-	(30,200)
	<u>30,200</u>	<u>30,200</u>	<u>-</u>	<u>(30,200)</u>
Excess of revenue over (under) expenditures	(248,300)	(254,900)	247,991	502,891
Fund balance at beginning of period	1,385,826	1,385,826	1,385,826	-
Fund balance at end of period	<u>\$ 1,137,526</u>	<u>\$ 1,130,926</u>	<u>\$ 1,633,817</u>	<u>\$ 502,891</u>

See note to required supplementary information.

Charter Township of Oakland

Land Preservation Fund
 Budgetary Comparison Schedule – Major Special Revenue Funds

Year Ended December 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,103,500	\$ 1,103,500	\$ 1,029,746	\$ (73,754)
Intergovernmental	10,000	10,000	-	(10,000)
Interest and rentals	34,700	34,700	93,220	58,520
Total revenue	<u>1,148,200</u>	<u>1,148,200</u>	<u>1,122,966</u>	<u>(25,234)</u>
Expenditures				
Current – recreation and culture	613,800	613,800	450,305	163,495
Capital outlay	476,000	476,000	39,248	436,752
Total expenditures	<u>1,089,800</u>	<u>1,089,800</u>	<u>489,553</u>	<u>600,247</u>
Excess of revenue over expenditures	58,400	58,400	633,413	575,013
Fund balance at beginning of period	736,090	736,090	736,090	-
Fund balance at end of period	<u>\$ 794,490</u>	<u>\$ 794,490</u>	<u>\$ 1,369,503</u>	<u>\$ 575,013</u>

See note to required supplementary information.

Charter Township of Oakland

Note to Required Supplementary Information

December 31, 2023

Budgetary Information

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

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

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

Other Supplementary Information

Charter Township of Oakland

Nonmajor Governmental Funds
Combining Balance Sheet

December 31, 2023

	Special Revenue Funds					Total
	Library	Trails Improvement	Older Persons' Commission	OPC Transportation	Historic District Commission	
Assets						
Cash and investments	\$ 307,417	\$ 1,933,378	\$ 33,984	\$ 8,965	\$ 550,537	\$ 2,834,281
Receivables:						
Property taxes receivable	969,844	272,176	570,824	78	195,427	2,008,349
Accrued interest receivable	-	21,293	-	-	-	21,293
Prepaid expenses and other assets	-	-	-	-	370	370
Total assets	\$ 1,277,261	\$ 2,226,847	\$ 604,808	\$ 9,043	\$ 746,334	\$ 4,864,293
Liabilities						
Accounts payable	\$ -	\$ 638	\$ -	\$ -	\$ 2,526	\$ 3,164
Due to other governmental units	-	-	13,611	3,624	-	17,235
Accrued liabilities and other	-	540	-	-	4,436	4,976
Total liabilities	-	1,178	13,611	3,624	6,962	25,375
Deferred inflows of Resources						
Property taxes levied for the following year	1,041,146	292,188	570,963	-	195,396	2,099,693
Total liabilities and deferred inflows of resources	1,041,146	293,366	584,574	3,624	202,358	2,125,068
Fund balances						
Nonspendable – prepaid expenses	-	-	-	-	370	370
Restricted:						
Library	236,115	-	-	-	-	236,115
Trails	-	1,933,481	-	-	-	1,933,481
Older Persons' Commission	-	-	20,234	-	-	20,234
OPC Transportation	-	-	-	5,419	-	5,419
Historic District Commission	-	-	-	-	543,606	543,606
Total fund balances	236,115	1,933,481	20,234	5,419	543,976	2,739,225
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,277,261	\$ 2,226,847	\$ 604,808	\$ 9,043	\$ 746,334	\$ 4,864,293

Charter Township of Oakland

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

Year Ended December 31, 2023

	Special Revenue Funds					Total
	Library	Trails Improvement	Older Persons' Commission	OPC Transportation	Historic District Commission	
Revenue						
Property taxes	\$ 966,320	\$ 271,162	\$ 568,743	\$ 139,432	\$ 194,734	\$ 2,140,391
Investment and rental income	37,488	96,034	-	-	38,276	171,798
Other revenue	-	-	-	-	5,127	5,127
Total revenue	1,003,808	367,196	568,743	139,432	238,137	2,317,316
Expenditures						
Current services – recreation and culture	967,835	30,936	548,509	134,013	144,409	1,825,702
Capital outlay	-	3,500	-	-	47,446	50,946
Total expenditures	967,835	34,436	548,509	134,013	191,855	1,876,648
Excess of expenditures over revenue	35,973	332,760	20,234	5,419	46,282	440,668
Fund balances at beginning of period	200,142	1,600,721	-	-	497,694	2,298,557
Fund balances at end of period	\$ 236,115	\$ 1,933,481	\$ 20,234	\$ 5,419	\$ 543,976	\$ 2,739,225

Charter Township of Oakland

Fiduciary Funds
Combining Statement of Fiduciary Net Position

December 31, 2023

	Lake Improvement	Tax Collections	Total
Assets			
Cash and cash equivalents	\$ 61,465	\$ 2,015,076	\$ 2,076,541
Receivables	8,400	-	8,400
Total assets	69,865	2,015,076	2,084,941
Liabilities			
Due to other governmental units	-	2,015,076	2,015,076
Accrued liabilities	1,444	-	1,444
Total liabilities	1,444	2,015,076	2,016,520
Deferred inflows of Resources			
Property taxes levied for the following year	8,400	-	8,400
Total liabilities and deferred inflows of resources	9,844	2,015,076	2,024,920
Net position			
Restricted – lake improvements	\$ 60,021	\$ -	\$ 60,021

Charter Township of Oakland

Fiduciary Funds

Combining Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2023

	Lake Improvement	Tax Collections	Total
Additions			
Lake improvement assessments	\$ 47,276	\$ -	\$ 47,276
Property tax collections	-	2,015,076	2,015,076
Deductions			
Lake improvements	46,991	-	46,991
Property tax disbursements	-	2,015,076	2,015,076
Net decrease in fiduciary net position	285	-	285
Net position at beginning of period	59,736	-	59,736
Net position at end of period	<u>\$ 60,021</u>	<u>\$ -</u>	<u>\$ 60,021</u>