

Audited Financial Statements
and Other Supplementary Information

Charter Township of Oakland
Oakland County, Michigan

*Year Ended December 31, 2025
with Report of Independent Auditors*

Charter Township of Oakland
Audited Financial Statements
and Other Supplementary Information
Year Ended December 31, 2025

Contents

Report of Independent Auditors.....	1
Management’s Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position.....	10
Statement of Activities.....	11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	12
Reconciliation of the Balance Sheet to the Statement of Net Position	13
Statement of Revenue, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	15
Proprietary Funds:	
Statement of Net Position.....	16
Statement of Revenue, Expenses, and Changes in Net Position.....	17
Statement of Cash Flows.....	18
Fiduciary Funds:	
Statement of Fiduciary Net Position	20
Statement of Changes in Fiduciary Net Position	21
Notes to Financial Statements.....	22
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund.....	45
Budgetary Comparison Schedule – Major Special Revenue Funds	46
Note to Required Supplementary Information.....	51

Other Supplementary Information

Nonmajor Governmental Funds:

Combining Balance Sheet	52
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	53

Fiduciary Funds:

Combining Statement of Fiduciary Net Position	54
Combining Statement of Changes in Fiduciary Net Position	55

Report of Independent Auditors

To the Township Board of Trustees
Charter Township of Oakland

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charter Township of Oakland, as of and for the year ended December 31, 2025, 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 accompanying 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 Charter Township of Oakland as of December 31, 2025, 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 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 Charter Township of Oakland's ability to continue as a going concern for twelve 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 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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 3, 2026

Charter Township of Oakland

Management's Discussion and Analysis

December 31, 2025

Overview of the Financial Statements

The Charter Township of Oakland's 2025 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, 2025, to the year ended December 31, 2024.

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 on 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, grants, 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, 2025

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 of Trustees establishes other funds to control and manage money for particular purposes. The Township has the following three types of funds:

- **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 fund statements, 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. These activities are excluded 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 \$92.7 million, composed of \$59.1 million from governmental activities and \$33.6 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, 2025

The Township's Net Position

	Governmental Activities		Business-type Activities		Total	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Assets						
Current and other assets	\$ 39,080,629	\$ 36,042,628	\$ 21,652,792	\$ 15,705,088	\$ 60,733,421	\$ 51,747,716
Capital assets	31,544,910	32,000,387	30,146,327	27,209,654	61,691,237	59,210,041
Total assets	70,625,539	68,043,015	51,799,119	42,914,742	122,424,658	110,957,757
Deferred Outflows of Resources						
	111,111	42,871	-	-	111,111	42,871
Liabilities						
Current liabilities	547,822	916,704	1,498,202	1,095,277	2,046,024	2,011,981
Noncurrent liabilities	506,395	487,784	16,745,393	8,519,992	17,251,788	9,007,776
Total liabilities	1,054,217	1,404,488	18,243,595	9,615,269	19,297,812	11,019,757
Deferred Inflows of Resources						
	10,516,647	9,706,876	-	-	10,516,647	9,706,876
Net Position						
Net investment in capital assets	31,413,740	31,862,777	13,438,535	18,723,871	44,852,275	50,586,648
Restricted	11,924,509	10,183,568	-	-	11,924,509	10,183,568
Unrestricted	15,827,537	14,928,177	20,116,989	14,575,602	35,944,526	29,503,779
Total net position	\$ 59,165,786	\$ 56,974,522	\$ 33,555,524	\$ 33,299,473	\$ 92,721,310	\$ 90,273,995

The Township experienced an increase of \$2.19 million in the net position of the governmental activities and an increase of \$0.26 million in net position of business-type activities.

Charter Township of Oakland

Management's Discussion and Analysis

December 31, 2025

The Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	Year Ended December 31, 2025	Year Ended December 31, 2024	Year Ended December 31, 2025	Year Ended December 31, 2024	Year Ended December 31, 2025	Year Ended December 31, 2024
Revenue						
Program revenue:						
Charges for services	\$ 660,700	\$ 631,269	\$ 4,213,318	\$ 3,963,682	\$ 4,624,382	\$ 4,594,951
Operating grants	27,177	684,207	-	-	27,177	684,207
Capital grants	-	-	50,884	68,677	50,884	68,677
General revenue:						
Property taxes	9,723,417	9,040,553	-	-	9,723,417	9,040,553
Intergovernmental	2,380,926	2,237,228	-	-	2,380,926	2,237,228
Investment (losses) income	1,349,411	1,471,756	473,538	548,177	1,822,949	2,019,933
Other revenue	676,735	720,561	324,566	848,191	1,001,301	1,568,752
Total revenues	14,818,366	14,785,574	5,062,306	5,428,727	19,880,672	20,214,301
Expenses						
General government	1,902,435	1,962,649	-	-	1,902,435	1,962,649
Public safety	6,714,486	6,035,429	-	-	6,714,486	6,035,429
Public works	262,128	466,714	-	-	262,128	466,714
Community and economic development	170,042	173,595	-	-	170,042	173,595
Recreation and culture	3,578,011	3,966,350	-	-	3,578,011	3,966,350
Operating expenses other than depreciation	-	-	2,899,122	3,896,657	2,899,122	3,896,657
Depreciation	-	-	1,021,374	1,017,817	1,021,374	1,017,817
Interest expense	-	-	561,552	277,309	561,552	277,309
Other nonoperating expenses	-	-	324,207	1,507,163	324,207	1,507,163
Total expenses	12,627,102	12,604,737	4,806,255	6,698,946	17,433,357	19,303,683
Change in net position	\$ 2,191,264	\$ 2,180,837	\$ 256,051	\$ (1,270,219)	\$ 2,447,315	\$ 910,618

Revenue for governmental activities totaled \$14.8 million for the year ended December 31, 2025. A total of \$9.7 million, or approximately 66% of all governmental activities revenue received by the Township was in the form of property taxes. The remaining \$5.1 million was the net results of grants, intergovernmental revenue, investment earnings/losses, charges for services, and other revenue.

Governmental activities revenue increased by approximately \$33,000 primarily due to property taxes. Governmental expenses increased in total by approximately \$22,000 primarily due to increased public safety expenditures related to Township's contracted police services.

Charter Township of Oakland

Management's Discussion and Analysis

December 31, 2025

The Township's Changes in Net Position (continued)

Net position for the business-type activities increased by approximately \$0.2 million from the prior year. The bulk of the net increase was due to increased water and sewer revenue compared to the prior year.

Financial Analysis of Township Funds and Budgets

The General Fund ended 2025 with a total fund balance of \$16.2 million, with \$11.5 million in unassigned fund balance. The total General Fund revenue was higher than the budgeted amount, by approximately \$161,000 or 4.6%, which relates to higher-than-expected investment income and higher than expected State revenue sharing. Total expenditures before transfers were lower than the amended budget by approximately \$1,200,000 or 35%. The variance was due to several public works and other capital expenditures not started or completed as of December 31, 2025, in addition to departmental spending being lower than expected contributing to favorable variances of approximately \$354,000, \$378,000, and \$468,000, 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, Land Preservation Fund, and Library Fund. The Fire, Police, Parks, and Land Preservation funds mostly reported favorable net budget variances of approximately \$6,000, \$20,000, \$642,000, \$926,000, and \$251,000 respectively. The favorable variances are mainly due to capital projects not being started or completed by the conclusion of the fiscal period for all major funds apart from the Library Fund which budgeted a contingency account that was not utilized.

Capital Assets and Debt Administration

At the end of 2025, the Township's governmental activities had approximately \$31.5 million of capital assets, net of depreciation, invested in buildings, land improvements, information technology, equipment, and vehicles. The governmental activities reported approximately \$451,000 of additions this year. The business-type activities reported approximately \$30.1 million in capital assets, net of depreciation, primarily invested in infrastructure assets. The business-type activities reported approximately \$4.0 million in additions for the year.

There is no general obligation debt issued by the Township as of December 31, 2025. Debt relating to the Oakland-Macomb Interceptor Drainage Sewer system totaling approximately \$3.1 million and the Oakland County-Oakland Township water system improvement bonds totaling approximately \$13.3 million and are recorded as liabilities on the business-type activities statement of net position. For information on capital assets and debt, please see Notes 3 and 5, respectively.

Charter Township of Oakland

Management's Discussion and Analysis

December 31, 2025

Current Economic Events

The Township realized a \$133.4 million, or 7.4%, increase in taxable values for the fiscal year ended December 31, 2025, 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 (.9231), police (1.621), senior citizen (.3141), safety path trail system (.1607), parks (.6922), land preservation (.6105), library (.5729), and historic district preservation (.1075) services and activities. The Township is the premier location in southeast Michigan to live and enjoy the open spaces provided by its user-friendly park system. Building on the long tradition of conservative money management, the Township retains significant fund balances in all of its operating accounts. These fund balances allow the Township 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 next fiscal period from January 1, 2026, through December 31, 2026 will see continued attention to the road system and development of the water and sewer systems. The Township has committed to pave Gallagher and part of Silver Bell Roads. The total cost for this project is over \$13 million, with the Township's portion of that \$13 million coming to \$2.6 million; the project is expected to start in 2028.

The Township is currently working through pricing increases and revenue declines from Oakland County and the State as they have shifted some costs over to the Township. Oakland County has increased the Oakland County Sheriff's contractual costs by 48% (\$1.2 million), assessing costs were increased to the point where Oakland Township switched to an independent vendor, and Fire/Emergency Dispatch costs have also increased in recent years. The State has changed the way gas sales tax is calculated which causes a percentage of the Township's shared revenue to decrease. The current Police and Fire millages will not support current expenditures, and it is unclear as to how long the General Fund can continue to subsidize the Fire Fund and ultimately the Police Fund. The Township has forecasted subsidizing the Fire Fund by \$8.2 million over the next three years to cover increased public safety costs and purchase several safety vehicles, a large but necessary investment.

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, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 28,994,336	\$ 10,326,620	\$ 39,320,956
Receivables:			
Property taxes receivable	9,313,124	-	9,313,124
Receivables from sales to customers on account	-	1,109,172	1,109,172
Accrued interest receivable	12,148	64,628	76,776
Lease receivable	85,773	-	85,773
Other receivables	84,502	-	84,502
Due from other governmental units	440,271	74,896	515,167
Prepaid expenses and other assets	150,475	5,009	155,484
Restricted assets	-	10,072,467	10,072,467
Capital assets:			
Assets not subject to depreciation	25,551,257	4,289,439	29,840,696
Assets subject to depreciation – net	5,993,653	25,856,888	31,850,541
Total assets	70,625,539	51,799,119	122,424,658
Deferred Outflows of Resources	111,111	-	111,111
Liabilities			
Accounts payable	134,662	100,344	235,006
Due to other governmental units	7,205	811,220	818,425
Refundable deposits, bonds, etc.	-	501,961	501,961
Accrued liabilities and other	339,058	84,677	423,735
Unearned revenue	66,897	-	66,897
Noncurrent liabilities:			
Due within one year	264,272	441,949	706,221
Due in more than one year	110,953	16,303,444	16,414,397
Lease liability - current	67,000	-	67,000
Lease liability - noncurrent	64,170	-	64,170
Total liabilities	1,054,217	18,243,595	19,297,812
Deferred Inflows of Resources			
Property taxes levied for the following year	10,430,874	-	10,430,874
Leases receivable	85,773	-	85,773
Total deferred inflows of resources	10,516,647	-	10,516,647
Net Position			
Net investment in capital assets	31,413,740	13,438,535	44,852,275
Restricted:			
Police	2,485,148	-	2,485,148
Fire	465,076	-	465,076
Cable	63,934	-	63,934
Parks	2,383,021	-	2,383,021
Trails	2,696,022	-	2,696,022
Historic District Commission	414,510	-	414,510
Library	485,103	-	485,103
Land preservation	2,930,277	-	2,930,277
Older Persons' Commission	1,311	-	1,311
OPC Transportation	107	-	107
Unrestricted	15,827,537	20,116,989	35,944,526
Total net position	\$ 59,165,786	\$ 33,555,524	\$ 92,721,310

Charter Township of Oakland

Statement of Activities

Year Ended December 31, 2025

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	\$ 1,902,435	\$ 105,718	\$ 27,177	\$ -	\$ (1,769,540)	\$ -	\$ (1,769,540)
Public safety	6,714,486	467,045	-	-	(6,247,441)	-	(6,247,441)
Public works	262,128	-	-	-	(262,128)	-	(262,128)
Community and economic development	170,042	-	-	-	(170,042)	-	(170,042)
Recreation and culture	3,578,011	87,937	-	-	(3,490,074)	-	(3,490,074)
Total governmental activities	12,627,102	660,700	27,177	-	(11,939,225)	-	(11,939,225)
Business-type activities:							
Sewer fund	2,050,116	1,393,053	-	50,884	-	(606,179)	(606,179)
Water fund	2,081,235	2,218,581	-	-	-	137,346	137,346
Building fund	674,904	601,684	-	-	-	(73,220)	(73,220)
Total business-type activities	4,806,255	4,213,318	-	50,884	-	(542,053)	(542,053)
Total primary government	\$ 17,433,357	\$ 4,874,018	\$ 27,177	\$ 50,884	(11,939,225)	(542,053)	(12,481,278)
General Revenue:							
Property taxes					9,723,417	-	9,723,417
State-shared revenue					2,380,926	-	2,380,926
Investment income					1,349,411	473,538	1,822,949
Cable franchise fees					326,816	-	326,816
Transfers					180,000	(180,000)	-
Other miscellaneous income					169,919	504,566	674,485
Total general revenue					14,130,489	798,104	14,928,593
Change in net position					2,191,264	256,051	2,447,315
Net position at beginning of year					56,974,522	33,299,473	90,273,995
Net position at end of year					\$ 59,165,786	\$ 33,555,524	\$ 92,721,310

See notes to financial statements.

Charter Township of Oakland

Governmental Funds Balance Sheet

December 31, 2025

	General Fund	Fire Fund	Police Fund	Parks Fund	Land Preservation Fund	Library Fund	Nonmajor Funds	Total Governmental Funds
Assets								
Cash and investments	\$ 15,715,282	\$ 665,967	\$ 3,126,383	\$ 2,574,786	\$ 3,097,735	\$ 640,575	\$ 3,173,608	\$ 28,994,336
Receivables:								
Property taxes receivable	-	1,671,290	2,934,793	1,253,104	1,105,249	1,294,722	1,053,966	9,313,124
Accrued interest receivable	-	-	12,148	-	-	-	-	12,148
Lease receivable	85,773	-	-	-	-	-	-	85,773
Other receivables	84,502	-	-	-	-	-	-	84,502
Due from other governmental units	440,271	-	-	-	-	-	-	440,271
Prepaid expenses and other assets	87,139	34,923	25,006	1,695	850	-	862	150,475
Total assets	16,412,967	2,372,180	6,098,330	3,829,585	4,203,834	1,935,297	4,228,436	39,080,629
Deferred Outflows of Resources	-	42,871	-	-	-	-	68,240	111,111
Total Assets and Deferred Outflows	\$ 16,412,967	\$ 2,415,051	\$ 6,098,330	\$ 3,829,585	\$ 4,203,834	\$ 1,935,297	\$ 4,296,676	\$ 39,191,740
Liabilities								
Accounts payable	\$ 37,299	\$ 28,234	\$ 1,367	\$ 37,616	\$ 29,804	\$ 81	\$ 261	\$ 134,662
Due to other governmental units	7,205	-	-	-	-	-	-	7,205
Accrued liabilities and other	12,433	14,940	299,778	3,753	5,003	-	3,151	339,058
Unearned revenue	66,897	-	-	-	-	-	-	66,897
Total liabilities	123,834	43,174	301,145	41,369	34,807	81	3,412	547,822
Deferred Inflows of Resources								
Unavailable revenue	52,567	-	-	-	-	-	-	52,567
Leases receivable	85,773	-	-	-	-	-	-	85,773
Property taxes levied for the following year	-	1,871,878	3,287,031	1,403,500	1,237,900	1,450,113	1,180,452	10,430,874
Total deferred inflows of resources	138,340	1,871,878	3,287,031	1,403,500	1,237,900	1,450,113	1,180,452	10,569,214
Total Liabilities and Deferred Inflows	262,174	1,915,052	3,588,176	1,444,869	1,272,707	1,450,194	1,183,864	11,117,036
Fund Balances								
Nonspendable – prepaid expenses	87,139	34,923	25,006	1,695	850	-	862	150,475
Restricted:								
Police	-	-	2,485,148	-	-	-	-	2,485,148
Fire	-	465,076	-	-	-	-	-	465,076
Cable	63,934	-	-	-	-	-	-	63,934
Parks	-	-	-	2,383,021	-	-	-	2,383,021
Trails	-	-	-	-	-	-	2,696,022	2,696,022
Historic District Commission	-	-	-	-	-	-	414,510	414,510
Library	-	-	-	-	-	485,103	-	485,103
Older Persons' Commission	-	-	-	-	-	-	1,311	1,311
OPC Transportation	-	-	-	-	-	-	107	107
Land preservation	-	-	-	-	2,930,277	-	-	2,930,277
Assigned:								
Subsequent year's budget	4,358,092	-	-	-	-	-	-	4,358,092
Beautification	135,742	-	-	-	-	-	-	135,742
Unassigned	11,505,886	-	-	-	-	-	-	11,505,886
Total fund balances	16,150,793	499,999	2,510,154	2,384,716	2,931,127	485,103	3,112,812	28,074,704
Total liabilities, deferred inflows of resources, and fund balances	\$ 16,412,967	\$ 2,415,051	\$ 6,098,330	\$ 3,829,585	\$ 4,203,834	\$ 1,935,297	\$ 4,296,676	\$ 39,191,740

Charter Township of Oakland

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2025

Fund Balances Reported in Governmental Funds	\$	28,074,704
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		31,544,910
Certain receivables were earned during the current fiscal period but are not available to pay for current period expenditures		52,567
Lease liabilities are not due and payable in the current period and therefore not reported in the funds.		(131,170)
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		(375,225)
Net position of Governmental Activities	\$	<u>59,165,786</u>

Charter Township of Oakland

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

Year Ended December 31, 2025

	General Fund	Fire Fund	Police Fund	Parks Fund	Land Preservation Fund	Library Fund	Nonmajor Funds	Total Governmental Funds
Revenue								
Property taxes	\$ 8,778	\$ 1,791,714	\$ 3,146,347	\$ 1,345,670	\$ 1,186,837	\$ 1,113,739	\$ 1,130,332	\$ 9,723,417
Intergovernmental:								
Federal grants	27,177	-	-	-	-	-	-	27,177
State sources	2,351,539	27,537	-	-	-	-	1,850	2,380,926
Charges for services	105,718	453,655	13,390	87,937	-	-	-	660,700
Fines and forfeitures	12,332	-	-	-	-	-	-	12,332
Licenses and permits:								
Cable and franchise fees	326,816	-	-	-	-	-	-	326,816
Other licenses and permits	569	-	-	-	-	-	-	569
Interest and rentals:								
Investment income	719,965	37,177	184,307	114,764	130,392	30,522	132,284	1,349,411
Rental income	-	-	-	6,268	2,650	-	-	8,918
Other revenue	81,880	2,711	-	6,817	50,010	-	6,682	148,100
Total revenue	3,634,774	2,312,794	3,344,044	1,561,456	1,369,889	1,144,261	1,271,148	14,638,366
Expenditures								
Current services:								
General government	1,764,337	-	-	-	-	-	-	1,764,337
Public safety	-	2,906,447	3,192,867	-	-	-	-	6,099,314
Public works	253,682	-	-	-	-	-	-	253,682
Community and economic development	170,042	-	-	-	-	-	-	170,042
Recreation and culture	-	-	-	1,088,905	499,392	893,209	766,780	3,248,286
Capital outlay	101,516	82,802	63,947	73,373	92,644	-	162,431	576,713
Debt service - payment of lease	-	-	64,375	-	-	-	-	64,375
Total expenditures	2,289,577	2,989,249	3,321,189	1,162,278	592,036	893,209	929,211	12,176,749
Excess of Revenue Over (Under) Expenditures	1,345,197	(676,455)	22,855	399,178	777,853	251,052	341,937	2,461,617
Other Financing Sources (Uses)								
Transfers in	180,000	682,432	-	-	-	-	-	862,432
Transfers out	(682,432)	-	-	-	-	-	-	(682,432)
Total other financing sources (uses)	(502,432)	682,432	-	-	-	-	-	180,000
Net change in fund balances	842,765	5,977	22,855	399,178	777,853	251,052	341,937	2,641,617
Fund balances at beginning of period	15,308,028	494,022	2,487,299	1,985,538	2,153,274	234,051	2,770,875	25,433,087
Fund balances at end of period	\$ 16,150,793	\$ 499,999	\$ 2,510,154	\$ 2,384,716	\$ 2,931,127	\$ 485,103	\$ 3,112,812	\$ 28,074,704

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, 2025

Net change in fund balances reported in governmental funds	\$	2,641,617
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 and loss on disposal		(906,344)
Capital outlay		450,867
Governmental funds report repayments of lease liabilities as expenditures. However, in the statement of activities, these repayments are reported as reductions of the related liability balance		
		6,440
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		
		23,735
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		
		(25,051)
Change in net position of governmental activities	\$	<u>2,191,264</u>

Charter Township of Oakland

Proprietary Funds Statement of Net Position

December 31, 2025

	Enterprise Funds			
	Sewer Fund	Water Fund	Building Fund	Total
Assets				
Current assets:				
Cash and investments	\$ 8,741,281	\$ 8,294	\$ 1,577,045	\$ 10,326,620
Receivables:				
Receivables from sales to customers on account	282,125	827,047	-	1,109,172
Accrued interest receivable	27,903	-	36,725	64,628
Due from other governmental units	29,995	44,901	-	74,896
Due from other funds	550,000	-	-	550,000
Prepaid expenses and other assets	-	-	5,009	5,009
Total current assets	9,631,304	880,242	1,618,779	12,130,325
Noncurrent assets:				
Restricted assets	1,383,190	8,689,277	-	10,072,467
Capital assets:				
Assets not subject to depreciation	1,047,383	3,242,056	-	4,289,439
Assets subject to depreciation - net	7,416,236	18,327,463	113,189	25,856,888
Total noncurrent assets	9,846,809	30,258,796	113,189	40,218,794
Total assets	19,478,113	31,139,038	1,731,968	52,349,119
Liabilities				
Current liabilities:				
Accounts payable	13,889	21,952	64,503	100,344
Due to other governmental units	81,244	729,976	-	811,220
Due to other funds	-	550,000	-	550,000
Refundable deposits, bonds, etc.	-	180,500	321,461	501,961
Accrued liabilities and other	34,399	49,218	1,060	84,677
Compensated absences	-	-	26,656	26,656
Current portion of long-term debt	175,293	240,000	-	415,293
Total current liabilities	304,825	1,771,646	413,680	2,490,151
Noncurrent liabilities:				
Compensated absences	-	-	10,945	10,945
Long-term debt	2,961,176	13,331,323	-	16,292,499
Total noncurrent liabilities	2,961,176	13,331,323	10,945	16,303,444
Total liabilities	3,266,001	15,102,969	424,625	18,793,595
Net Position				
Net investment in capital assets	5,327,150	7,998,196	113,189	13,438,535
Unrestricted	10,884,962	8,037,873	1,194,154	20,116,989
Total net position	\$ 16,212,112	\$ 16,036,069	\$ 1,307,343	\$ 33,555,524

See notes to financial statements.

Charter Township of Oakland

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

Year Ended December 31, 2025

	Enterprise Funds			
	Sewer Fund	Water Fund	Building Fund	Total
Operating revenue				
Sale of water	\$ -	\$ 2,092,081	\$ -	\$ 2,092,081
Sewage disposal charges	1,308,203	-	-	1,308,203
Permit revenue	-	-	594,229	594,229
Other operating revenue	84,850	126,500	7,455	218,805
Total operating revenue	1,393,053	2,218,581	601,684	4,213,318
Operating expenses				
Cost of water	-	1,230,139	-	1,230,139
Cost of sewage treatment	1,007,732	-	-	1,007,732
Other operation and maintenance	214,591	(574,649)	-	(360,058)
Billing and administrative costs	137,245	212,951	-	350,196
Other operating expense	15,205	-	-	15,205
Building inspections and related activity	-	-	655,908	655,908
Depreciation	304,209	698,169	18,996	1,021,374
Total operating expenses	1,678,982	1,566,610	674,904	3,920,496
Operating income (loss)	(285,929)	651,971	(73,220)	292,822
Nonoperating revenue (expense)				
Investment income	393,662	9,089	70,787	473,538
Interest expense	(46,927)	(514,625)	-	(561,552)
Other nonoperating expenses	(324,207)	-	-	(324,207)
Other nonoperating revenue	202,581	301,985	-	504,566
Total nonoperating (expense) revenue	225,109	(203,551)	70,787	92,345
Income/(loss) before capital contributions and transfers	(60,820)	448,420	(2,433)	385,167
Capital contributions	50,884	-	-	50,884
Transfers	-	-	(180,000)	(180,000)
Change in net position	(9,936)	448,420	(182,433)	256,051
Net position at beginning of period	16,222,048	15,587,649	1,489,776	33,299,473
Net position at end of period	\$ 16,212,112	\$ 16,036,069	\$ 1,307,343	\$ 33,555,524

Charter Township of Oakland

Proprietary Funds
Statement of Cash Flows

Year Ended December 31, 2025

	Enterprise Funds			
	Sewer Fund	Water Fund	Building Fund	Total
Cash flows from operating activities				
Receipts from customers	\$ 1,446,410	\$ 2,096,098	\$ 671,737	\$ 4,214,245
Payments to suppliers	(1,354,551)	(595,803)	(251,544)	(2,201,898)
Payments to employees	-	-	(361,634)	(361,634)
Net cash and cash equivalents from operating activities	91,859	1,500,295	58,559	1,650,713
Cash flows from noncapital financing activities				
Nonoperating items charged by the County	30,502	(8,387,292)	-	(8,356,790)
Cash received from (paid to) other funds	(550,000)	550,000	-	-
Net cash and cash equivalents from noncapital financing activities	(519,498)	(7,837,292)	-	(8,356,790)
Cash flows from capital and related financing activities				
Receipt of capital charges	50,884	-	-	50,884
Purchase of capital assets	(168,764)	(3,782,982)	(6,301)	(3,958,047)
Issuance of new debt	-	8,689,277	-	8,689,277
Principal and interest paid on capital debt	(212,110)	(816,710)	-	(1,028,820)
Transfer to other funds	-	-	(180,000)	(180,000)
Net cash and cash equivalents from capital and related financing activities	(329,990)	4,089,585	(186,301)	3,573,294
Cash flows from investing activities				
Gain on investments	599,074	-	64,109	663,183
Purchases of investment securities	(2,684,937)	(554,931)	(730,183)	(3,970,051)
Net cash and cash equivalents from investing activities	(2,085,863)	(554,931)	(666,074)	(3,306,868)
Net change in cash and cash equivalents	(2,843,492)	(2,802,343)	(793,816)	(6,439,651)
Cash and cash equivalents at beginning of period	6,262,967	1,583,763	1,533,502	9,380,232
Cash and cash equivalents at end of period	\$ 3,419,475	\$ (1,218,580)	\$ 739,686	\$ 2,940,581
Classification of cash and cash equivalents				
Cash and investments	\$ 8,741,281	\$ 8,294	\$ 1,577,045	\$ 10,326,620
Less amounts classified as investments	(5,321,806)	(1,226,874)	(837,359)	(7,386,039)
Total cash and cash equivalents	\$ 3,419,475	\$ (1,218,580)	\$ 739,686	\$ 2,940,581

Charter Township of Oakland

Proprietary Funds
Statement of Cash Flows

Year Ended December 31, 2025

	Enterprise Funds			
	Sewer Fund	Water Fund	Building Fund	Total
Reconciliation of operating loss to net cash from operating activities				
Operating income (loss)	\$ (285,929)	\$ 651,971	\$ (73,220)	\$ 292,822
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation	304,209	698,169	18,996	1,021,374
Changes in assets and liabilities:				
Receivables	76,745	(79,431)	-	(2,686)
Prepaid and other assets	(23,388)	(43,052)	(674)	(67,114)
Compensated absences	-	-	3,392	3,392
Accounts payable and other accrued liabilities	20,222	272,638	110,065	402,925
Net cash and cash equivalents from operating activities	<u>\$ 91,859</u>	<u>\$ 1,500,295</u>	<u>\$ 58,559</u>	<u>\$ 1,650,713</u>

Charter Township of Oakland
 Fiduciary Funds
 Statement of Fiduciary Net Position

December 31, 2025

	Total Custodial Funds
Assets	
Cash and cash equivalents	\$ 1,669,803
Receivables	7,409
Total assets	1,677,212
Liabilities	
Due to other governmental units	1,609,241
Accrued liabilities and other	2,401
Total liabilities	1,611,642
Deferred inflows of resources	
Property taxes levied for the following year	9,240
Total liabilities and deferred inflows of resources	1,620,882
Net Position	
Restricted – lake improvements	\$ 56,330

Charter Township of Oakland

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2025

	Total Custodial Funds
Additions	
Lake improvement assessments	\$ 50,790
Property tax collections	42,275,310
Total additions	<u>42,326,100</u>
Deductions	
Lake improvements	49,162
Property tax disbursements	42,275,310
Total deductions	<u>42,324,472</u>
Net change in fiduciary net position	1,628
Net position at beginning of period	54,702
Net position at end of period	<u><u>\$ 56,330</u></u>

Charter Township of Oakland

Notes to Financial Statements

December 31, 2025

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, 2025, the Township provided approximately \$27,000 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, 2025

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, 2025, the Township provided \$607,901 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.

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.

Charter Township of Oakland

Notes to Financial Statements

December 31, 2025

1. Significant Accounting Policies (continued)

Report Presentation (continued)

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, 2025

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.
- The Library Fund accounts for all revenue and expenditures associated with the Township's agreement associated with operating Rochester Hills Public Library.

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, 2025

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.

Charter Township of Oakland

Notes to Financial Statements

December 31, 2025

1. Significant Accounting Policies (continued)

Basis of Accounting (continued)

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. 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 \$5,000 and an estimated useful life in excess of one year.

Charter Township of Oakland

Notes to Financial Statements

December 31, 2025

1. Significant Accounting Policies (continued)

Specific Balances and Transactions (continued)

Capital Assets (continued)

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.

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, 2025, the General Fund balance of unearned revenue includes \$66,897 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, 2025

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, 2025

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, 2025

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 2024 property tax revenue was levied and collectible in December 2024 and was recognized as revenue in the year ended December 31, 2025, 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 2024 taxable valuation of the Township totaled \$1.94 billion. Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	0.0000	\$ -
Library	0.5729	1,111,769
Parks	0.6922	1,343,283
Fire	0.9231	1,791,367
Police	1.6210	3,145,711
Land Preservation	0.6105	1,184,736
Older Persons' Commission	0.3141	609,542
Trails Improvement	0.1607	311,854
Historic District Commission	0.1075	208,614

Charter Township of Oakland

Notes to Financial Statements

December 31, 2025

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 charges to customers for sales and services. The Water and Sewer funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. The other nonoperating revenue and expenses are incurred at the County and reported to the Township as the County administers the activity in the Water and Sewer funds on behalf of the Township.

Use of Estimates

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

Leases – Lessee

The Township is a lessee of security cameras. The Township recognizes a lease liability and an intangible right-to-use asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the Township initially measures the lease liability at the present value of payments expected to be made during the lease term.

Charter Township of Oakland

Notes to Financial Statements

December 31, 2025

1. Significant Accounting Policies (continued)

Leases - Lessee (continued)

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Township determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments. The Township uses the interest rate charged by the lessor as the discount rate. When the interest rate is not provided, the Township generally uses its estimated incremental borrowing rate. The lease term includes the periods of the lease that are reasonably certain to be exercised. Lease payments included in the measurement of the lease liability are composed of fixed payments. The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported separately on the statement of net position.

Leases – Lessor

The Township enters into lease agreements as a lessor for certain nonfinancial assets, primarily buildings, that provide other entities the right to use the underlying assets for a specified period of time in an exchange or exchange-like transaction. These arrangements are accounted for in accordance with GASB Statement No. 87, Leases.

At the commencement of a lease, the Township recognizes a lease receivable and a corresponding deferred inflow of resources, except for leases that qualify as short-term leases or are otherwise excluded from the scope of GASB 87. The lease receivable is measured at the present value of lease payments expected to be received during the lease term, net of estimated uncollectible amounts. The deferred inflow of resources is measured at the amount of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

The deferred inflow of resources related to leases is recognized as lease revenue in a systematic and rational manner over the lease term, generally on a straight-line basis unless another pattern better reflects the time pattern of the lease's benefit. The underlying leased assets are generally reported as capital assets of the Township and continue to be depreciated, as applicable, over their estimated useful lives.

Charter Township of Oakland

Notes to Financial Statements

December 31, 2025

1. Significant Accounting Policies (continued)

Leases - Lessor (continued)

Variable lease payments that do not depend on an index or rate and other contingent amounts are not included in the measurement of the lease receivable or deferred inflow of resources and are recognized as inflows of resources in the period in which the events or conditions that trigger those payments occur.

Adopted Accounting Pronouncements

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, to provide users of government financial statements with essential information about risks related to vulnerabilities due to certain concentrations or constraints. As a result, an assessment will be required to determine whether a concentration or constraint makes the primary reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the vulnerability to the risk of a substantial impact. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2025. The adoption of this guidance by the Township did not have a significant impact on the financial statements.

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.

Charter Township of Oakland

Notes to Financial Statements

December 31, 2025

2. Deposits and Investments (continued)

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 approximately \$1,260,000 (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.

At period end, the Township had the following investments:

Investment	Fair Value	Weighted-Average Maturity (Years)
Primary Government		
Michigan CLASS investment pool	\$ 33,068,816	0.22
Local Government investment pool	\$ 1,692,820	0.20

Charter Township of Oakland

Notes to Financial Statements

December 31, 2025

2. Deposits and Investments (continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of December 31, 2025, 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	\$ 33,068,816	AAAm	S&P
Local government investment pool	\$ 1,692,820	Not rated	N/A

Concentration of Credit Risk

The Township places no limit on the amount it may invest in any one issuer. Approximately 90% 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.

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.

Charter Township of Oakland

Notes to Financial Statements

December 31, 2025

2. Deposits and Investments (continued)

Fair Value Measurements (continued)

The Township has the following recurring fair value measurements as of December 31, 2025:

The Township’s investments in the Oakland County LGIP (\$1,692,820) and the Michigan CLASS investment pool (\$33,068,816) 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, 2025, 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	\$ 1,692,820	\$ -	No restrictions	None
Michigan CLASS investment pool	33,068,816	-	No restrictions	None
	<u>\$ 34,761,636</u>	<u>\$ -</u>		

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

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102% 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, 2025

3. Capital Assets

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

Governmental Activities

	Balance December 31, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2025
Capital assets not being depreciated:					
Land	\$ 25,217,638	\$ -	\$ -	\$ -	\$ 25,217,638
Construction in progress	229,629	(77,589)	181,579	-	333,619
Subtotal	25,447,267	(77,589)	181,579	-	25,551,257
Capital assets being depreciated:					
Infrastructure	2,035,025	-	-	-	2,035,025
Buildings and improvements	11,940,007	77,589	48,772	-	12,066,368
Machinery and equipment	1,622,205	-	101,479	(69,091)	1,654,593
Vehicles	3,640,741	-	77,910	(38,219)	3,680,432
Office furnishings	472,664	-	-	(40,959)	431,705
Information technology	267,842	-	34,133	(45,208)	256,767
Right-to-use lease asset	137,610	-	-	(6,440)	131,170
Land improvements	5,870,066	-	6,994	-	5,877,060
Subtotal	25,986,160	77,589	269,288	(199,917)	26,133,120
Accumulated depreciation:					
Infrastructure	2,032,050	-	350	-	2,032,400
Buildings and improvements	7,939,686	-	295,045	-	8,234,731
Machinery and equipment	1,173,567	-	133,388	(69,091)	1,237,864
Vehicles	2,486,597	-	135,532	(38,220)	2,583,909
Office furnishings	467,089	-	2,296	(40,966)	428,419
Information technology	245,013	-	15,078	(45,208)	214,883
Right-to-use lease asset	-	-	-	-	-
Land improvements	5,089,038	-	318,223	-	5,407,261
Subtotal	19,433,040	-	899,912	(193,485)	20,139,467
Net capital assets being depreciated	6,553,120	77,589	(630,624)	(6,432)	5,993,653
Net governmental activities capital assets	\$ 32,000,387	\$ -	\$ (449,045)	\$ (6,432)	\$ 31,544,910

Charter Township of Oakland

Notes to Financial Statements

December 31, 2025

3. Capital Assets (continued)

Business-type Activities

	Balance December 31, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2025
Capital assets not being depreciated:					
Construction in progress	\$ 931,834	\$ (38,476)	\$ 3,396,081	\$ -	\$ 4,289,439
Capital assets being depreciated:					
Sewer system	14,839,523	38,476	-	-	14,877,999
Water system	23,157,863	-	555,665	-	23,713,528
Buildings and improvements	70,467	-	6,300	10	76,777
Machinery and equipment	63,358	-	-	(24,173)	39,185
Vehicles	215,929	-	-	(35,730)	180,199
Information technology	48,541	-	-	(3,066)	45,475
Subtotal	38,395,681	38,476	561,965	(62,959)	38,933,163
Accumulated depreciation:					
Sewer system	7,157,557	-	304,209	7	7,461,773
Water system	4,687,897	-	698,169	-	5,386,066
Buildings and improvements	9,733	-	2,239	-	11,972
Machinery and equipment	63,212	-	146	(24,173)	39,185
Vehicles	160,973	-	13,739	(35,728)	138,984
Information technology	38,489	-	2,872	(3,066)	38,295
Subtotal	12,117,861	-	1,021,374	(62,960)	13,076,275
Net capital assets being depreciated	26,277,820	38,476	(459,409)	1	25,856,888
Net business-type activities capital assets	\$ 27,209,654	\$ -	\$ 2,936,672	\$ 1	\$ 30,146,327

Charter Township of Oakland

Notes to Financial Statements

December 31, 2025

3. Capital Assets (continued)

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

Governmental activities:	
General government	\$ 114,935
Public safety	317,882
Public works	8,446
Recreation and culture	458,649
Total governmental activities	<u>\$ 899,912</u>
Business-type activities:	
Water	\$ 698,169
Sewer	304,209
Building	18,996
Total business-type activities	<u>\$ 1,021,374</u>

4. Interfund Receivables, Payables, and Transfers

Interfund transfers reported in the fund financial statements are composed of a \$682,432 transfer from the General Fund to the Fire Fund, which represents the use of unrestricted resources to finance capital acquisitions and operations and a \$180,000 transfer from the Building Fund to the General Fund for administrative overhead costs. In addition, at year end the Sewer Fund reported a due from the Water Fund and the Water Fund reported a due to the Sewer Fund in the proprietary fund financials statements of \$550,000, which represents a short-term advance.

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, 2025

5. Long-term Debt (continued)

Long-term debt activity for the year ended December 31, 2025 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Accumulated compensated absences	\$ 350,174	\$ 97,690	\$ (72,639)	\$ 375,225	\$ 264,272

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%	\$29,130 – \$32,960	\$ 214,491	\$ -	\$ (28,424)	\$ 186,067	\$ 29,130
Oakland-Macomb Interceptor Drainage District Drain Bonds – Series, 2019A – Amount of issue – \$135,065 Maturing through 2031	1.85%	\$8,688 – \$10,080	55,135	-	(8,366)	46,769	8,668
Oakland-Macomb Interceptor Drainage District Drain Bonds – Series, 2011 – Amount of issue – \$631,878 Maturing through 2034	2.50%	\$33,289 – \$39,477	322,993	-	(32,423)	290,570	33,289
Oakland-Macomb Interceptor Drainage District Drain Bonds – Series, 2013A – Amount of issue – \$1,378,847 Maturing through 2035	2.00%	\$70,593 – \$82,659	757,476	-	(69,112)	688,364	70,593
Oakland-Macomb Interceptor Drainage District Drain Bonds – Series, 2020A – Amount of issue – \$1,370,000 Maturing through 2041	2.00% - 5.00%	\$33,613 – \$54,090	698,522	-	(21,690)	676,832	33,613
Oakland County – Water Supply System Improvement Bonds – Series 2022 – Amount of issue – \$5,215,000 Maturing through 2053	4.00% - 5.00%	\$95,000 – \$300,000	5,060,000	-	(95,000)	4,965,000	95,000
Clinton River – Water Resource Recovery Facility Drainage District Bonds – Series 2023 – Amount of issue – \$538,966 Maturing through 2046	1.88%	\$0 – \$32,020	538,966	-	-	538,966	-
Clinton River – Water Resource Recovery Facility Drainage District – Series 2024 – Amount of issue – \$630,082 Maturing through 2047	2.50%	\$0 – \$39,450	630,082	-	-	630,082	-
Oakland County – Water Supply System Improvement Bonds Series 2025 – Amount of issue - \$8,535,000 Maturing through 2054	4.00% - 5.00%	\$145,000 – \$480,000	-	8,535,000	(200,000)	8,335,000	145,000
Total principal outstanding			8,277,665	8,535,000	(455,015)	16,357,650	415,293
Unamortized bond premium			208,118	154,277	(12,253)	350,142	-
Total bonds and contracts payable			8,485,783	8,689,277	(467,268)	16,707,792	415,293
Compensated absences			34,209	3,392	-	37,601	26,656
Total business-type activities long-term debt			\$ 8,519,992	\$ 8,692,669	\$ (467,268)	\$ 16,745,393	\$ 441,949

Charter Township of Oakland

Notes to Financial Statements

December 31, 2025

5. Long-term Debt (continued)

Debt Service Requirements to Maturity

Total interest expense for the year ended December 31, 2025 was approximately \$562,000. 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
2026	\$ 415,293	\$ 618,927	\$ 1,034,220
2027	457,662	605,068	1,062,730
2028	497,780	598,561	1,096,341
2029	524,239	578,978	1,103,217
2030	540,930	558,327	1,099,257
2031 – 2035	2,675,861	2,471,924	5,147,785
2036 – 2040	2,680,887	1,986,084	4,666,971
2041 – 2045	2,910,066	1,479,057	4,389,123
2046 – 2050	3,264,932	874,795	4,139,727
2051 – 2055	2,390,000	215,137	2,605,137
Total	\$ 16,357,650	\$ 9,986,858	\$ 26,344,508

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 13% 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 \$407,000 during the year ended December 31, 2025.

Charter Township of Oakland

Notes to Financial Statements

December 31, 2025

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 December 31, 2025, the library millages totaled 0.5729 mills (2024 tax roll). The Township remitted to the Rochester Hills Public Library approximately \$834,000 during the year ended December 31, 2025.

9. Leases

Leases – Lessee

The Township leases security cameras from a third party. Annual payments are made on January 1, covering the use of the cameras through December 31. Lease asset activity of the Township is included in Note 3.

Lease liability activity for the year ended December 31, 2025 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Lease liability	\$ 137,610	\$ 67,000	\$ 73,440	\$ 131,170	\$ 67,000

Charter Township of Oakland

Notes to Financial Statements

December 31, 2025

9. Leases (continued)

Leases – Lessee (continued)

Future principal and interest requirements related to the Township’s lease liability at December 31, 2025 are as follows:

Year Ended	Governmental Activities		
	Principal	Interest	Total
2026	\$ 67,000	\$ -	\$ 67,000
2027	64,170	2,830	67,000
	<u>\$ 131,170</u>	<u>\$ 2,890</u>	<u>\$ 134,000</u>

Leases – Lessor

The Township is a lessor of a building to a third party. This arrangement conveys to the lessee the right to control the use of the underlying asset for a specified period of time in exchange for consideration and is accounted for as a lease in accordance with GASB Statement No. 87, Leases. The lease term is 5 years. Payments consist of fixed payments based on the square footage of the space leased with no variable payment amounts.

At December 31, 2025, the Township reported lease receivables of \$85,773 and deferred inflows of resources related to leases of \$85,773. During 2025, the Township reported no interest revenue nor lease revenue related to the amortization of deferred inflows of resources as the lease was newly entered into during 2025.

Required Supplementary Information

Charter Township of Oakland
 General Fund
 Budgetary Comparison Schedule

Year Ended December 31, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 500	\$ 500	\$ 8,778	\$ 8,278
Intergovernmental:				
Federal grants	33,500	33,500	27,177	(6,323)
State sources	2,285,511	2,285,511	2,351,539	66,028
Charges for services	48,600	48,600	105,718	57,118
Fines and forfeitures	35,000	35,000	12,332	(22,668)
Licenses and permits:				
Cable franchise fees	374,000	374,000	326,816	(47,184)
Other licenses and permits	1,100	1,100	569	(531)
Interest and rentals:				
Investment income	505,000	615,400	719,965	104,565
Other revenue	79,700	79,700	81,880	2,180
Total revenue	3,362,911	3,473,311	3,634,774	161,463
Expenditures				
Current services:				
General government:				
Township board	439,500	419,500	330,050	89,450
Township supervisor	19,550	19,550	17,484	2,066
Manager	279,600	279,600	245,110	34,490
Township treasurer	249,100	249,100	234,643	14,457
Assessor	148,600	163,600	163,410	190
Board of review	2,700	2,700	937	1,763
Township clerk	432,900	437,900	320,431	117,469
Buildings and grounds	481,700	501,900	413,775	88,125
Elections	3,000	48,000	35,997	12,003
Cemetery	4,000	4,000	2,500	1,500
Public works:				
Roads and projects	595,500	643,200	240,310	402,890
Street lighting	13,500	13,500	13,372	128
Community and economic development:				
Planning commission	128,100	150,100	86,075	64,025
Community programs and development	107,100	111,800	83,967	27,833
Capital outlay	444,000	480,500	101,516	378,984
Total expenditures	3,348,850	3,524,950	2,289,577	1,235,373
Excess of revenue (under) over expenditures	14,061	(51,639)	1,345,197	1,396,836
Other financing sources (uses):				
Transfers in	215,400	281,100	180,000	(101,100)
Transfers out	(1,739,033)	(1,739,033)	(682,432)	1,056,601
Total other financing uses	(1,523,633)	(1,457,933)	(502,432)	955,501
Net change in fund balance	(1,509,572)	(1,509,572)	842,765	2,352,337
Fund balance at beginning of period	15,308,028	15,308,028	15,308,028	-
Fund balance at end of period	\$ 13,798,456	\$ 13,798,456	\$ 16,150,793	\$ 2,352,337

See note to required supplementary information.

Charter Township of Oakland

Fire Fund
Budgetary Comparison Schedule – Major Special Revenue Funds

Year Ended December 31, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,793,467	\$ 1,793,467	\$ 1,791,714	\$ (1,753)
State-shared revenue and grants	-	27,600	27,537	(63)
Charges for services	441,000	441,000	453,655	12,655
Interest income	32,000	32,000	37,177	5,177
Other revenue	-	-	2,711	2,711
Total revenue	2,266,467	2,294,067	2,312,794	18,727
Expenditures				
Current – public safety	3,162,600	3,173,200	2,906,447	266,753
Capital outlay	852,000	852,000	82,802	769,198
Total expenditures	4,014,600	4,025,200	2,989,249	1,035,951
Excess of revenue (under) over expenditures	(1,748,133)	(1,731,133)	(676,455)	1,054,678
Other financing sources (uses):				
Transfers in	1,748,133	1,731,133	682,432	(1,048,701)
Total other financing sources	\$ 1,748,133	\$ 1,731,133	\$ 682,432	\$ (1,048,701)
Net change in fund balance	-	-	5,977	5,977
Fund balance at beginning of period	494,022	494,022	494,022	-
Fund balance at end of period	\$ 494,022	\$ 494,022	\$ 499,999	\$ 5,977

Charter Township of Oakland

Police Fund
 Budgetary Comparison Schedule – Major Special Revenue Funds

Year Ended December 31, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property tax	\$ 3,149,700	\$ 3,149,700	\$ 3,146,347	\$ (3,353)
Charges for service	4,000	7,000	13,390	6,390
Interest income (loss)	124,900	124,900	184,307	59,407
Total revenue	3,278,600	3,281,600	3,344,044	62,444
Expenditures				
Current – public safety	3,171,823	3,199,323	3,192,867	6,456
Capital outlay	104,000	68,500	63,947	4,553
Debt service - payment of lease	-	73,500	64,375	9,125
Total expenditures	3,275,823	3,341,323	3,321,189	20,134
Excess of revenue (under) over expenditures	2,777	(59,723)	22,855	82,578
Other financing sources (uses):				
Use of fund balance	-	62,500	-	62,500
Total other financing sources (uses):	-	62,500	-	62,500
Net change in fund balance	2,777	2,777	22,855	20,078
Fund balance at beginning of period	2,487,299	2,487,299	2,487,299	-
Fund balance at end of period	\$ 2,490,076	\$ 2,490,076	\$ 2,510,154	\$ 20,078

Charter Township of Oakland

Parks Fund
Budgetary Comparison Schedule – Major Special Revenue Funds

Year Ended December 31, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,347,283	\$ 1,347,283	\$ 1,345,670	\$ (1,613)
Charges for services	102,000	102,000	87,937	(14,063)
Investment and rental income	47,800	47,800	121,032	73,232
Other revenue	-	-	6,817	6,817
Total revenue	<u>1,497,083</u>	<u>1,497,083</u>	<u>1,561,456</u>	<u>64,373</u>
Expenditures				
Current – recreation and culture	1,445,250	1,445,250	1,088,905	356,345
Capital outlay	294,200	294,200	73,373	220,827
Total expenditures	<u>1,739,450</u>	<u>1,739,450</u>	<u>1,162,278</u>	<u>577,172</u>
Excess of revenue over (under) expenditures	(242,367)	(242,367)	399,178	641,545
Fund balance at beginning of period	1,985,538	1,985,538	1,985,538	-
Fund balance at end of period	<u>\$ 1,743,171</u>	<u>\$ 1,743,171</u>	<u>\$ 2,384,716</u>	<u>\$ 641,545</u>

Charter Township of Oakland

Land Preservation Fund
 Budgetary Comparison Schedule – Major Special Revenue Funds

Year Ended December 31, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,188,236	\$ 1,188,236	\$ 1,186,837	\$ (1,399)
Intergovernmental	350,100	350,100	-	(350,100)
Interest and rentals	55,000	55,000	133,042	78,042
Other revenue	56,300	56,300	50,010	(6,290)
Total revenue	<u>1,649,636</u>	<u>1,649,636</u>	<u>1,369,889</u>	<u>(279,747)</u>
Expenditures				
Current – recreation and culture	690,650	690,650	499,392	191,258
Capital outlay	1,106,800	1,106,800	92,644	1,014,156
Total expenditures	<u>1,797,450</u>	<u>1,797,450</u>	<u>592,036</u>	<u>1,205,414</u>
Excess of revenue over expenditures	(147,814)	(147,814)	777,853	925,667
Fund balance at beginning of period	2,153,274	2,153,274	2,153,274	-
Fund balance at end of period	<u>\$ 2,005,460</u>	<u>\$ 2,005,460</u>	<u>\$ 2,931,127</u>	<u>\$ 925,667</u>

Charter Township of Oakland

Library Fund
 Budgetary Comparison Schedule – Major Special Revenue Funds

Year Ended December 31, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,113,200	\$ 1,115,100	\$ 1,113,739	\$ (1,361)
Investment income	25,000	25,000	30,522	5,522
Total revenue	1,138,200	1,140,100	1,144,261	4,161
Expenditures				
Current – recreation and culture	1,138,200	1,140,100	893,209	246,891
Excess of revenue over expenditures	-	-	251,052	251,052
Fund balance at beginning of period	234,051	234,051	234,051	-
Fund balance at end of period	<u>\$ 234,051</u>	<u>\$ 234,051</u>	<u>\$ 485,103</u>	<u>\$ 251,052</u>

Charter Township of Oakland

Note to Required Supplementary Information

December 31, 2025

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, 2025

	Trails Improvement	Older Persons' Commission	OPC Transportation	Historic District Commission	Total
Assets					
Cash and investments	\$ 2,731,710	\$ 1,356	\$ 107	\$ 440,435	\$ 3,173,608
Receivables:					
Property taxes receivable	290,781	568,599	-	194,586	1,053,966
Prepaid expenses and other assets	-	-	-	862	862
Total assets	<u>3,022,491</u>	<u>569,955</u>	<u>107</u>	<u>635,883</u>	<u>4,228,436</u>
Deferred outflows of Resources					
Resources provided in advance	-	68,240	-	-	68,240
Total assets and deferred outflows of resources	<u>\$ 3,022,491</u>	<u>\$ 638,195</u>	<u>\$ 107</u>	<u>\$ 635,883</u>	<u>\$ 4,296,676</u>
Liabilities					
Accounts payable	\$ 22	\$ 45	\$ -	\$ 194	\$ 261
Accrued liabilities and other	770	-	-	2,381	3,151
Total liabilities	<u>792</u>	<u>45</u>	<u>-</u>	<u>2,575</u>	<u>3,412</u>
Deferred inflows of Resources					
Property taxes levied for the following year	325,677	636,839	-	217,936	1,180,452
Fund balances					
Nonspendable – prepaid expenses	-	-	-	862	862
Restricted:					
Trails	2,696,022	-	-	-	2,696,022
Older Persons' Commission	-	1,311	-	-	1,311
OPC Transportation	-	-	107	-	107
Historic District Commission	-	-	-	414,510	414,510
Total fund balances	<u>2,696,022</u>	<u>1,311</u>	<u>107</u>	<u>415,372</u>	<u>3,112,812</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,022,491</u>	<u>\$ 638,195</u>	<u>\$ 107</u>	<u>\$ 635,883</u>	<u>\$ 4,296,676</u>

Charter Township of Oakland

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

Year Ended December 31, 2025

	Trails Improvement	Older Persons' Commission	OPC Transportation	Historic District Commission	Total
Revenue					
Property taxes	\$ 312,380	\$ 608,999	\$ -	\$ 208,953	\$ 1,130,332
Intergovernmental:					
State sources	-	-	-	1,850	1,850
Investment and rental income	109,820	703	-	21,761	132,284
Other revenue	-	-	-	6,682	6,682
Total revenue	<u>422,200</u>	<u>609,702</u>	<u>-</u>	<u>239,246</u>	<u>1,271,148</u>
Expenditures					
Current services – recreation and culture	26,553	593,226	-	147,001	766,780
Capital outlay	-	-	-	162,431	162,431
Total expenditures	<u>26,553</u>	<u>593,226</u>	<u>-</u>	<u>309,432</u>	<u>929,211</u>
Excess of expenditures over revenue	395,647	16,476	-	(70,186)	341,937
Fund balances at beginning of period	2,300,375	(15,165)	107	485,558	2,770,875
Fund balances at end of period	<u>\$ 2,696,022</u>	<u>\$ 1,311</u>	<u>\$ 107</u>	<u>\$ 415,372</u>	<u>\$ 3,112,812</u>

Charter Township of Oakland

Fiduciary Funds
 Combining Statement of Fiduciary Net Position

December 31, 2025

	Lake Improvement	Tax Collections	Total
Assets			
Cash and cash equivalents	\$ 60,562	\$ 1,609,241	\$ 1,669,803
Receivables	7,409	-	7,409
Total assets	<u>67,971</u>	<u>1,609,241</u>	<u>1,677,212</u>
Liabilities			
Due to other governmental units	-	1,609,241	1,609,241
Accrued liabilities	2,401	-	2,401
Total liabilities	<u>2,401</u>	<u>1,609,241</u>	<u>1,611,642</u>
Deferred inflows of Resources			
Property taxes levied for the following year	9,240	-	9,240
Total liabilities and deferred inflows of resources	<u>11,641</u>	<u>1,609,241</u>	<u>1,620,882</u>
Net position			
Restricted – lake improvements	<u>\$ 56,330</u>	<u>\$ -</u>	<u>\$ 56,330</u>

Charter Township of Oakland

Fiduciary Funds
 Combining Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2025

	Lake Improvement	Tax Collections	Total
Additions			
Lake improvement assessments	\$ 50,790	\$ -	\$ 50,790
Property tax collections	-	42,275,310	42,275,310
Total additions	50,790	42,275,310	42,326,100
Deductions			
Lake improvements	49,162	-	49,162
Property tax disbursements	-	42,275,310	42,275,310
Total deductions	49,162	42,275,310	42,324,472
Net change in fiduciary net position	1,628	-	1,628
Net position at beginning of period	54,702	-	54,702
Net position at end of period	<u>\$ 56,330</u>	<u>\$ -</u>	<u>\$ 56,330</u>