

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

AUDITED FINANCIAL REPORT

**For the Fiscal Year Ended
December 31, 2016**

CHARTER TOWNSHIP OF OXFORD
For the Year Ended December 31, 2016

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FINANCIAL SECTION

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Independent Auditor's Report

June 1, 2017

To the Board of Trustees
Charter Township of Oxford, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Oxford, Michigan, as of and for the year ended December 31, 2016, which collectively comprise the Township's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Oxford as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Respectfully,

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

PSLZ LLP

Certified Public Accountants

Management's Discussion and Analysis

As management of Charter Township of Oxford, we offer readers of Charter Township of Oxford's financial statements this narrative overview and analysis of the financial activities of Charter Township of Oxford for the fiscal year ended December 31, 2016.

Financial Highlights

- The assets of Charter Township of Oxford exceeded its liabilities at the close of the most recent fiscal year by \$34,585,546 (*net position*). Of this amount, \$7,710,336 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Charter Township of Oxford's governmental funds reported combined ending fund balances of \$10,302,147, an increase of \$3,391,438 in comparison with the prior year. Approximately 26 percent of this amount, \$2,720,150 is *available for spending* at the government's discretion (*unrestricted fund balance*).
- Charter Township of Oxford's total long-term debt increased by \$1,169,014 during the current fiscal year, which reflects the issuance of \$2,000,000 park improvement bonds less annual debt service payments made during the current year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

Charter Township of Oxford maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Police Contracting Fund, Parks and Recreation Fund, Fire Fund, Library Fund, and Park Bond Construction Fund all of which are considered to be major funds. Data from the other governmental funds are combined into aggregated presentations by fund type. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

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

Other information. The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 55-62 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Charter Township of Oxford, assets exceeded liabilities by \$34,585,546 at the close of the most recent fiscal year.

A significant portion of Charter Township of Oxford's net position (56 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Charter Township of Oxford used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Charter Township of Oxford's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Charter Township of Oxford's Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 18,637,907	\$ 15,418,642	\$ 7,139,775	\$ 5,492,066	\$ 25,777,682	\$ 20,910,708
Capital Assets	13,304,942	13,537,763	17,443,322	17,921,850	30,748,264	31,459,613
Total Assets	<u>31,942,849</u>	<u>28,956,405</u>	<u>24,583,097</u>	<u>23,413,916</u>	<u>56,525,946</u>	<u>52,370,321</u>
Deferred Outflows	<u>723,279</u>	<u>198,762</u>	<u>-</u>	<u>-</u>	<u>723,279</u>	<u>198,762</u>
Long-term Liabilities						
Outstanding	4,477,483	2,258,945	9,436,155	9,934,102	13,913,638	12,193,047
Other Liabilities	573,153	557,152	213,031	302,952	786,184	860,104
Total Liabilities	<u>5,050,636</u>	<u>2,816,097</u>	<u>9,649,186</u>	<u>10,237,054</u>	<u>14,699,822</u>	<u>13,053,151</u>
Deferred Inflows	<u>7,762,607</u>	<u>7,950,781</u>	<u>201,250</u>	<u>215,625</u>	<u>7,963,857</u>	<u>8,166,406</u>
Net Position:						
Net Investment in						
Capital Assets	11,304,942	13,182,763	8,007,167	7,987,748	19,312,109	21,170,511
Restricted	7,563,101	4,414,976	-	-	7,563,101	4,414,976
Unrestricted	<u>984,842</u>	<u>790,550</u>	<u>6,725,494</u>	<u>4,973,489</u>	<u>7,710,336</u>	<u>5,764,039</u>
Total Net Position	<u>\$ 19,852,885</u>	<u>\$ 18,388,289</u>	<u>\$ 14,732,661</u>	<u>\$ 12,961,237</u>	<u>\$ 34,585,546</u>	<u>\$ 31,349,526</u>

An additional portion of Charter Township of Oxford's net position (22 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$7,710,336) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Charter Township of Oxford is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The governmental net position increased by \$1,464,596 during the current fiscal year, as presented:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program Revenues:						
Charges for Services	\$ 2,098,555	\$ 1,939,725	\$ 2,676,129	\$ 2,478,095	\$ 4,774,684	\$ 4,417,820
Operating Grants & Contributions	48,316	43,705	-	-	48,316	43,705
Capital Grants & Contributions	-	551	1,733,844	844,089	1,733,844	844,640
General Revenues:						
Property Taxes	7,958,446	6,803,419	-	-	7,958,446	6,803,419
State Shared Revenues	1,378,636	1,340,514	-	-	1,378,636	1,340,514
Investment Earnings	77,165	52,431	49,383	57,780	126,548	110,211
Gain on Sale of Assets	-	236,162	-	-	-	236,162
Other	365,292	368,203	-	-	365,292	368,203
Total Revenues	11,926,410	10,784,710	4,459,356	3,379,964	16,385,766	14,164,674
Program Expenses:						
General Government	1,912,466	1,910,807	-	-	1,912,466	1,910,807
Public Safety	5,871,094	5,453,005	-	-	5,871,094	5,453,005
Planning and Zoning	78,179	64,465	-	-	78,179	64,465
Public Works	183,678	82,306	-	-	183,678	82,306
Recreation and Cultural	2,306,607	2,275,296	-	-	2,306,607	2,275,296
Other	104,257	93,337	-	-	104,257	93,337
Interest on Long-Term Debt	5,533	23,181	-	-	5,533	23,181
Water and Sewer	-	-	2,687,932	2,926,057	2,687,932	2,926,057
Total Expenses	10,461,814	9,902,397	2,687,932	2,926,057	13,149,746	12,828,454
Change in Net Position	1,464,596	882,313	1,771,424	453,907	3,236,020	1,336,220
Net Position, Beg. of year	18,388,289	17,505,976	12,961,237	12,507,330	31,349,526	30,013,306
Net Position, End of year	\$ 19,852,885	\$ 18,388,289	\$ 14,732,661	\$ 12,961,237	\$ 34,585,546	\$ 31,349,526

Business-type activities. Business-type activities increased Charter Township of Oxford's net position by \$1,771,424, as compared to a \$453,907 increase in the prior year. The water fund had an operating loss of \$425,081 in the current year, as compared to an operating loss of \$436,245 in the prior year. The sewer fund operating income was \$11,616 in 2016 as compared to an operating loss of \$319,275 in 2015. Also, water and sewer tap fee revenues increased \$889,755 over the prior year as a result of increased development activity within the Township.

Financial Analysis of the Government's Funds

Governmental funds. The focus of Charter Township of Oxford's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Charter Township of Oxford's financing requirements. In particular, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, Charter Township of Oxford's governmental funds reported combined ending fund balances of \$10,302,147, an increase of \$3,391,438 in comparison with the prior year. The *unrestricted fund balance*, which is the amount available for spending at the government's discretion, represents 26% of the total fund balance. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed to uphold contracts or bond agreements.

The general fund is the chief operating fund of the Charter Township of Oxford. At the end of the current fiscal year, total fund balance was \$2,420,877. The fund balance of Charter Township of Oxford's general fund increased by \$371,269 during the current fiscal year, in comparison to a \$120,464 increase in the prior year. General Fund operating revenues increased \$141,766, as a result of an 8.9% increase in property tax revenue, a 2.9% increase in state shared revenues, and an \$8,807 increase in interest earned. Operating expenditures increased \$16,361 over the prior year. The General Fund also transferred a total of \$284,600 to other funds to accomplish projects within the Township such as the safety path projects (\$10,000), fire department (\$12,100), and the new park maintenance building (\$262,500).

The Township residents approved a new millage of 3.5 mills for fire protection, emergency medical services, and advanced life support services which was levied on the December 1, 2015 tax bills, and is reflected in the Township's fiscal year 2016 revenues in the Fire Operating Fund. This millage replaces the separate previously levied millages of 1.5 mills for fire protection and emergency medical services, and 1.0 mills for advanced life support services which were previously levied.

Township voters also approved a new millage of 3.9152 mills for police protection and law enforcement services, which was levied on the December 1, 2015 tax bills. This millage replaces the 2.9152 mills levied for police services through December 1, 2014. The new police protection millage is reflected in the Police Contracting Fund revenues for fiscal year 2016.

Proprietary funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer Funds totaled \$6,725,494 at the end of the year, which is a \$1,752,005 increase in unrestricted net position. Due to increased development activity within the Township, water and sewer tap fees increased \$889,755. Other factors concerning the finances of this fund have already been addressed in the discussion of Charter Township of Oxford's business-type activities.

General Fund Budgetary Highlights

The differences between the beginning and final budgets represent a decrease in budgeted revenues of \$136,018, which includes increases in state shared revenue EVIP funding (\$37,692) and a decrease for state grant reimbursements (\$275,000). Budgeted expenditures were increased \$126,482, including a decrease in contingencies of \$154,791 and an increase of \$262,500 in operating transfers to the Parks and Recreation department for the purpose of constructing a maintenance facility at Seymour Lake Park.

Capital assets. Charter Township of Oxford's investment in capital assets for its governmental and business type activities as of December 31, 2016, amounts to \$30,748,264 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and the water and sewer systems. The investment in fixed assets decreased by \$711,349 due to capital asset additions less annual depreciation expense. Capital asset additions during 2016 included purchase of an ambulance, a pickup truck and refurbishment of a fire tanker for the Fire Department (\$280,842), parks and recreation equipment and construction of a new maintenance building (\$320,937), and library installation of LED lighting and painting of the interior (\$65,384).

Also, in August 2015, the Township sold the Veteran's Hall building at 28 N. Washington, with proceeds from the sale totaling \$420,713. The proceeds are recorded in the Township's Building and Site Capital Projects Fund, and have been committed by the Township Board, to be used toward the design and acquisition or construction of a new community center.

Long-term debt. At the end of the current fiscal year, Charter Township of Oxford had total bonded debt outstanding of \$11,436,155, which consisted of \$2,000,000 Park General Obligation bonds, \$7,290,000 Water General Obligation bonds, and \$2,146,155 for the Oakland-Macomb Interceptor Drain Bonds. All of Charter Township of Oxford's debt represents general obligation debt backed by the full faith and credit of Charter Township of Oxford, subject to constitutional limit. In fiscal year 2016, the Township issued \$2,000,000 of Park Improvement General Obligation bonds and paid off the Fire/Library Facility bonds.

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

Economic Factors and Next Year's Budgets and Rates

The Township anticipates a slight increase in State shared revenue in 2017 as the economy in the State of Michigan appears to be improving. The Township has been experiencing increased activity in the building department and that appears to be likely to continue through 2017. The Township has adopted a balanced budget in the General Fund for fiscal year 2017, and may have to utilize General Fund fund balance in the upcoming year in settlement of a lawsuit pertaining to a matter involving road drainage in a subdivision.

Also, in fiscal year 2017, the Township made a one-time \$200,000 lump sum contribution from the General Fund to help elevate the funded percentage of the fire department defined benefit pension plan.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF OXFORD
Statement of Net Position
December 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 10,676,971	\$ 6,477,518	\$ 17,154,489	\$ 75,614
Receivables (net of allowance for uncollectibles):				
Accounts	179,433	571,372	750,805	-
Taxes	7,762,607	-	7,762,607	-
Due from Other Units	-	90,885	90,885	-
Prepaid Expenditures	18,896	-	18,896	-
Capital Assets (net of Accumulated Depreciation)	13,304,942	17,443,322	30,748,264	35,270
Total Assets	<u>31,942,849</u>	<u>24,583,097</u>	<u>56,525,946</u>	<u>110,884</u>
<u>DEFERRED OUTFLOWS</u>				
Deferred Outflows related to Pensions	<u>723,279</u>	<u>-</u>	<u>723,279</u>	<u>-</u>
<u>LIABILITIES</u>				
Accounts Payable	527,733	246,106	773,839	-
Accrued Liabilities	12,345	-	12,345	-
Advance from Other Funds	33,075	(33,075)	-	-
Noncurrent Liabilities:				
Net Pension Liability	2,255,334	-	2,255,334	-
Other Postemployment Benefit Liability	82,153	-	82,153	-
Compensated Absences	139,996	-	139,996	-
Due within one year	150,000	510,312	660,312	-
Due in more than one year	1,850,000	8,925,843	10,775,843	-
Total Liabilities	<u>5,050,636</u>	<u>9,649,186</u>	<u>14,699,822</u>	<u>-</u>
<u>DEFERRED INFLOWS</u>				
Property Taxes Collected for the following year	7,762,607	-	7,762,607	-
Deferred Charge on Bond Refundings	-	201,250	201,250	-
Total Deferred Inflows	<u>7,762,607</u>	<u>201,250</u>	<u>7,963,857</u>	<u>-</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	11,304,942	8,007,167	19,312,109	35,270
Restricted	7,563,101	-	7,563,101	-
Unrestricted	984,842	6,725,494	7,710,336	75,614
Total Net Position	<u>\$ 19,852,885</u>	<u>\$ 14,732,661</u>	<u>\$ 34,585,546</u>	<u>\$ 110,884</u>

CHARTER TOWNSHIP OF OXFORD
Statement of Activities
For the Year Ended December 31, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Governmental Activities:							
General Government	\$ 1,912,466	\$ 18,058	\$ -	(1,701,465)	\$ -	(1,701,465)	\$ -
Public Safety	5,871,094	9,016	-	(4,637,350)	-	(4,637,350)	-
Planning and Zoning	78,179	-	-	(22,502)	-	(22,502)	-
Public Works	183,678	-	-	(183,678)	-	(183,678)	-
Health and Welfare	104,257	17,592	-	(86,665)	-	(86,665)	-
Recreation and Cultural	2,306,607	3,650	-	(1,677,750)	-	(1,677,750)	-
Interest on Long-Term Debt	5,533	-	-	(5,533)	-	(5,533)	-
Total Governmental Activities	<u>10,461,814</u>	<u>48,316</u>	<u>-</u>	<u>(8,314,943)</u>	<u>-</u>	<u>(8,314,943)</u>	<u>-</u>
Business-type Activities:							
Water	703,106	-	1,122,569	-	1,146,489	1,146,489	-
Sewer	1,984,826	-	611,275	-	575,552	575,552	-
Total Business-type Activities	<u>2,687,932</u>	<u>-</u>	<u>1,733,844</u>	<u>-</u>	<u>1,722,041</u>	<u>1,722,041</u>	<u>-</u>
Total Primary Government	<u>\$ 13,149,746</u>	<u>\$ 48,316</u>	<u>\$ 1,733,844</u>	<u>(8,314,943)</u>	<u>1,722,041</u>	<u>(6,592,902)</u>	<u>-</u>
Component Unit - Trailway	<u>\$ 49,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,270)</u>
General Revenues:							
Property Taxes				7,958,446	-	7,958,446	-
State Shared Revenue				1,378,636	-	1,378,636	-
Franchise Fees				365,292	-	365,292	-
Unrestricted Investment Earnings				77,165	49,383	126,548	66
Total General Revenues				<u>9,779,539</u>	<u>49,383</u>	<u>9,828,922</u>	<u>66</u>
Change in Net Position				1,464,596	1,771,424	3,236,020	(11,204)
Net Position - Beginning				18,388,289	12,961,237	31,349,526	122,088
Net Position - Ending				<u>\$ 19,852,885</u>	<u>\$ 14,732,661</u>	<u>\$ 34,585,546</u>	<u>\$ 110,884</u>

The notes to the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF OXFORD
Balance Sheet
Governmental Funds
December 31, 2016

	<u>General</u>	<u>Police Contracting</u>	<u>Parks and Recreation</u>	<u>Fire</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 2,478,020	\$ 1,054,263	\$ 359,409	\$ 1,082,392
Receivables (net of allowance for uncollectibles):				
Accounts	-	4,448	-	-
Taxes	716,529	2,552,416	636,587	2,609,884
Prepaid Expenditures	<u>898</u>	<u>-</u>	<u>12,960</u>	<u>5,038</u>
Total Assets	<u>\$ 3,195,447</u>	<u>\$ 3,611,127</u>	<u>\$ 1,008,956</u>	<u>\$ 3,697,314</u>
 <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 49,446	\$ 398,181	\$ 35,083	\$ -
Accrued and Other Liabilities	8,595	-	-	3,750
Advance from Other Funds	-	-	33,075	-
Deferred Inflows:				
Deferred Tax Revenue	<u>716,529</u>	<u>2,552,416</u>	<u>636,587</u>	<u>2,609,884</u>
Total Liabilities and Deferred Inflows	<u>774,570</u>	<u>2,950,597</u>	<u>704,745</u>	<u>2,613,634</u>
Fund Balances:				
Nonspendable-Prepays	898	-	12,960	5,038
Restricted	-	660,530	291,251	1,078,642
Unrestricted:				
Committed	-	-	-	-
Assigned	1,700,000	-	-	-
Unassigned	<u>719,979</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,420,877</u>	<u>660,530</u>	<u>304,211</u>	<u>1,083,680</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 3,195,447</u>	<u>\$ 3,611,127</u>	<u>\$ 1,008,956</u>	<u>\$ 3,697,314</u>

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

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

Net Position of Governmental Activities

<u>Library</u>	<u>Park Bond Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,272,744	\$ 2,000,803	\$ 2,429,340	\$ 10,676,971
-	-	174,985	179,433
1,042,404	-	204,787	7,762,607
<u>-</u>	<u>-</u>	<u>-</u>	<u>18,896</u>
\$ <u>2,315,148</u>	\$ <u>2,000,803</u>	\$ <u>2,809,112</u>	\$ <u>18,637,907</u>

\$ -	\$ 23,750	\$ 21,273	\$ 527,733
-	-	-	12,345
-	-	-	33,075
1,042,404	-	204,787	7,762,607
<u>1,042,404</u>	<u>23,750</u>	<u>226,060</u>	<u>8,335,760</u>

-	-	-	18,896
1,272,744	1,977,053	2,282,881	7,563,101
-	-	300,171	300,171
-	-	-	1,700,000
-	-	-	719,979
<u>1,272,744</u>	<u>1,977,053</u>	<u>2,583,052</u>	<u>10,302,147</u>

\$ <u>2,315,148</u>	\$ <u>2,000,803</u>	\$ <u>2,809,112</u>
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13,304,942
723,279
(2,255,334)
(82,153)
(2,139,996)

\$ 19,852,885

CHARTER TOWNSHIP OF OXFORD
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2016

	<u>General</u>	<u>Police Contracting</u>	<u>Parks and Recreation</u>	<u>Fire</u>
<u>Revenues</u>				
Property Taxes	\$ 727,815	\$ 2,570,751	\$ 641,083	\$ 2,627,798
Licenses and Permits	30,780	-	-	-
Intergovernmental:				
Federal, State and Local	1,367,136	24,686	-	-
Charges for Services	170,616	59,415	539,827	475,242
Fines and Forfeitures	-	33,017	-	-
Franchise Fees	10,000	-	-	-
Special Assessments	17,689	-	-	-
Interest	23,586	4,902	5,588	11,631
Other	28,917	-	11,518	12,180
Total Revenues	<u>2,376,539</u>	<u>2,692,771</u>	<u>1,198,016</u>	<u>3,126,851</u>
<u>Expenditures</u>				
Current:				
General Government	1,022,887	-	-	-
Public Safety	-	2,346,145	-	1,905,269
Planning and Zoning	78,179	-	-	-
Public Works	140,787	-	-	-
Health and Welfare	104,257	-	-	-
Recreation and Cultural	-	-	1,045,889	-
Other	374,560	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Capital Outlay	-	-	320,937	150,002
Total Expenditures	<u>1,720,670</u>	<u>2,346,145</u>	<u>1,366,826</u>	<u>2,055,271</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>655,869</u>	<u>346,626</u>	<u>(168,810)</u>	<u>1,071,580</u>
<u>Other Financing Sources (Uses)</u>				
Bond Proceeds	-	-	-	-
Transfers In	-	-	262,500	12,100
Transfers Out	(284,600)	-	-	-
Total Other Financing Sources (Uses)	<u>(284,600)</u>	<u>-</u>	<u>262,500</u>	<u>12,100</u>
Net Change in Fund Balances	371,269	346,626	93,690	1,083,680
Fund Balances - Beginning	<u>2,049,608</u>	<u>313,904</u>	<u>210,521</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,420,877</u>	<u>\$ 660,530</u>	<u>\$ 304,211</u>	<u>\$ 1,083,680</u>

Library	Park Bond Construction	Other Governmental Funds	Total Governmental Funds
\$ 1,049,838	\$ -	\$ 341,161	\$ 7,958,446
-	-	594,090	624,870
56,837	-	13,401	1,462,060
-	-	33,075	1,278,175
15,294	-	-	48,311
-	-	355,292	365,292
-	-	-	17,689
13,325	847	17,286	77,165
18,803	-	22,984	94,402
<u>1,154,097</u>	<u>847</u>	<u>1,377,289</u>	<u>11,926,410</u>
-	-	2,591	1,025,478
-	-	1,032,845	5,284,259
-	-	-	78,179
-	-	42,891	183,678
-	-	-	104,257
1,021,180	-	-	2,067,069
-	-	351,458	726,018
-	-	355,000	355,000
-	-	5,533	5,533
65,384	23,794	145,384	705,501
<u>1,086,564</u>	<u>23,794</u>	<u>1,935,702</u>	<u>10,534,972</u>
<u>67,533</u>	<u>(22,947)</u>	<u>(558,413)</u>	<u>1,391,438</u>
-	2,000,000	-	2,000,000
-	-	10,000	284,600
-	-	-	(284,600)
-	<u>2,000,000</u>	<u>10,000</u>	<u>2,000,000</u>
67,533	1,977,053	(548,413)	3,391,438
<u>1,205,211</u>	<u>-</u>	<u>3,131,465</u>	<u>6,910,709</u>
<u>\$ 1,272,744</u>	<u>\$ 1,977,053</u>	<u>\$ 2,583,052</u>	<u>\$ 10,302,147</u>

CHARTER TOWNSHIP OF OXFORD
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2016

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

Net change in fund balances - total governmental funds	\$ 3,391,438
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	705,501
Capital Outlay under threshold	(28,042)
Depreciation Expense	(910,280)

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

Issuance of Bond Debt	(2,000,000)
Principal Repayments	355,000
Increase in Compensated Absences	(21,961)

Change in Net Pension Liability	(24,994)
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Change in Net Other Postemployment Benefit Liability	<u>(2,066)</u>
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Change in net position in governmental activities	\$ <u><u>1,464,596</u></u>
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CHARTER TOWNSHIP OF OXFORD
Statement of Net Position
Proprietary Funds
December 31, 2016

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 3,055,649	\$ 3,421,869	\$ 6,477,518
Accounts Receivable	571,372	-	571,372
Due from Other Units	90,885	-	90,885
Total Current Assets	3,717,906	3,421,869	7,139,775
Advance to Other Fund	33,075	-	33,075
Fixed Assets:			
Land	-	367,557	367,557
Water Mains	-	16,685,084	16,685,084
Sewer Mains	10,186,738	-	10,186,738
Accumulated Depreciation	(5,832,521)	(3,963,536)	(9,796,057)
Net Fixed Assets	4,354,217	13,089,105	17,443,322
Total Assets	8,105,198	16,510,974	24,616,172
 <u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	242,765	3,341	246,106
Bonds Payable	105,312	405,000	510,312
Total Current Liabilities	348,077	408,341	756,418
Noncurrent Liabilities:			
Bonds Payable	2,040,843	6,885,000	8,925,843
Total Liabilities	2,388,920	7,293,341	9,682,261
 <u>DEFERRED INFLOWS</u>			
Deferred Charge on Refunding Bonds	-	201,250	201,250
 <u>NET POSITION</u>			
Net Investment in Capital Assets	2,208,062	5,799,105	8,007,167
Unrestricted	3,508,216	3,217,278	6,725,494
Total Net Position	\$ 5,716,278	\$ 9,016,383	\$ 14,732,661

CHARTER TOWNSHIP OF OXFORD
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ 1,949,103	\$ 4,250	\$ 1,953,353
Operating Expenses:			
Operations & Maintenance	1,797,706	90,584	1,888,290
Depreciation Expense	139,781	338,747	478,528
Total Operating Expenses	<u>1,937,487</u>	<u>429,331</u>	<u>2,366,818</u>
Operating Income (Loss)	<u>11,616</u>	<u>(425,081)</u>	<u>(413,465)</u>
Nonoperating Revenues (Expenses):			
Debt Surcharge	-	722,776	722,776
Interest Income	25,642	23,741	49,383
Interest Expense	<u>(47,339)</u>	<u>(273,775)</u>	<u>(321,114)</u>
Total Nonoperating Revenues (Expenses)	<u>(21,697)</u>	<u>472,742</u>	<u>451,045</u>
Income (Loss) Before Contributions	(10,081)	47,661	37,580
Capital Contributions	<u>611,275</u>	<u>1,122,569</u>	<u>1,733,844</u>
Net Income (Loss)	601,194	1,170,230	1,771,424
Net Position - January 1	<u>5,115,084</u>	<u>7,846,153</u>	<u>12,961,237</u>
Net Position - December 31	<u>\$ 5,716,278</u>	<u>\$ 9,016,383</u>	<u>\$ 14,732,661</u>

CHARTER TOWNSHIP OF OXFORD
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 1,952,890	\$ 4,250	\$ 1,957,140
Payments to suppliers	(1,922,752)	(87,557)	(2,010,309)
Net Cash Provided (Used) by Operating Activities	30,138	(83,307)	(53,169)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Capital Contributions	611,275	1,122,569	1,733,844
Debt Surcharge	-	722,776	722,776
Principal Paid on Debt	(102,947)	(395,000)	(497,947)
Interest Paid on Debt	(47,339)	(288,150)	(335,489)
Net Cash Provided (Used) by Capital and Related Financing Activities	460,989	1,162,195	1,623,184
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest Earned	25,642	23,741	49,383
Net Increase (Decrease) in Cash and Cash Equivalents	516,769	1,102,629	1,619,398
Cash and Cash Equivalents, Beginning	2,538,880	2,319,240	4,858,120
Cash and Cash Equivalents, Ending	\$ 3,055,649	\$ 3,421,869	\$ 6,477,518
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$ 11,616	\$ (425,081)	\$ (413,465)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	139,781	338,747	478,528
(Increase) Decrease in Accounts Receivable	(12,489)	-	(12,489)
(Increase) Decrease in Due from Other Units	(15,822)	-	(15,822)
(Increase) Decrease in Advance to Other Fund	32,098	-	32,098
Increase (Decrease) in Accounts Payable	(125,046)	3,027	(122,019)
Net Cash Provided (Used) by Operating Activities	\$ 30,138	\$ (83,307)	\$ (53,169)

CHARTER TOWNSHIP OF OXFORD
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016

	Agency Funds	
	Current Tax Collection	Trust & Agency
<u>ASSETS</u>		
Cash	\$ 2,954,629	\$ 399,470
 <u>LIABILITIES</u>		
Due to Other	2,954,629	399,470
 NET POSITION	\$ -	\$ -

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

Discretely Presented Component Unit

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

B. Jointly Governed Organizations

North Oakland Transportation Authority

The Authority provides transportation services for the following six entities, the Charter Township of Oxford, the Charter Township of Orion, the Township of Addison, the Village of Lake Orion, the Village of Leonard and the Village of Oxford. The Authority's board consists of twelve members of which the Charter Township of Oxford appoints two. For the fiscal year ended December 31, 2016, the Charter Township of Oxford provided \$67,152 to the Authority. The North Oakland Transportation Authority is not considered a part of the reporting entity of the Charter Township of Oxford. Separate financial statements of the joint venture may be obtained at North Oakland Transportation Authority, 467 East Jackson Street, Lake Orion, Michigan 48362.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

Governmental Funds

The Township reports the following major governmental funds:

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

The Police Contracting, Parks and Recreation, Fire, and Library Funds are special revenue funds supported by voted operating tax levies. The Park Bond Construction Fund accounts for the bond proceeds from the issuance of bonds and the related construction expenditures.

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

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

Proprietary Funds

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

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

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Fiduciary Funds

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

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

Restricted Resources

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

Estimates

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

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

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

2. Receivables and Payables

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

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

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

	<u>Accounts Receivable Governmental</u>	<u>Accounts Receivable Enterprise</u>
Total	\$ 179,433	\$ 571,372
Less Allowance for Doubtful Accounts	-	-
Net Realizable Value	<u>\$ 179,433</u>	<u>\$ 571,372</u>

3. Capital Assets

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

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

3. Capital Assets – Continued

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

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

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

4. Compensated Absences

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

5. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

5. Long-term Obligations – Continued

portion of such obligations is reported in the Statement of Net Position. Long-term liabilities expected to be financed from proprietary funds are reported as liabilities in those funds.

6. Fund Equity

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

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

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

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

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

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

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

1. In accordance with State law, prior to December 15, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and means of financing them for the upcoming year. Detail line item budgets are included for administrative control. The level of control for the detail budgets is at the departmental basis.
2. Public hearings are conducted in September and October to obtain taxpayer comment.
3. Prior to December 15, the budget is legally enacted through passage of a budget resolution (general appropriation act).
4. Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgets for these funds are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Proprietary Fund budgets are prepared on a non-GAAP method.
6. Budget appropriations lapse at year end.
7. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds.
8. Budgeted amounts are reported as originally adopted and as amended by the Township Board. The budget was amended during fiscal year 2016.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of December 31, 2016.

2. Excess of Expenditures Over Appropriations in Budgetary Funds

The budgets for the General and Special Revenue Funds are adopted at the activity level; expenditures in excess of budget appropriations are as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Excess Expenditures Over Appropriations</u>
Parks and Recreation Fund	\$1,133,400	\$1,366,826	\$233,426

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

The Township's cash and investments are subject to several types of risk, which are detailed below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be recovered. Neither State law nor the Township's investment policy requires consideration of custodial credit risk. As of December 31, 2016, the Township's book balance of its deposits was \$20,508,588. The bank balance was \$20,126,517 of which \$755,989 was FDIC insured.

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

At December 31, 2016, the carrying amount and bank balance of the component unit of the Charter Township of Oxford, the Polly Ann Trailway Management Council, was \$75,614, all of which is FDIC insured.

Interest Rate Risk

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

	Fair Value	Weighted Average Maturity
Government Investment Pool	\$ <u>13,075,632</u>	.66

Credit Risk

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

	Fair Value	Rating	Rating Organization
Government Investment Pool	\$ <u>13,075,632</u>	N/A	N/A

Concentration of Credit Risk

The Township places no limit on the amount it may invest in any one issuer. Approximately 65 percent of the Charter Township of Oxford's cash and investments are in the Oakland County Local Government Investment Pool (LGIP). The LGIP is not registered with the SEC and does not issue a separate report. The fair value position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized costs.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

Governmental Activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, not depreciated:				
Land	\$ 1,370,280	\$ -	\$ -	\$ 1,370,280
Capital Assets, being depreciated:				
Building and Land Improvements	13,904,376	319,430	-	14,223,806
Vehicles	3,498,189	310,953	(267,198)	3,541,944
Machinery and Equipment	2,341,203	47,076	(57,511)	2,330,768
Infrastructure	1,159,279	-	-	1,159,279
	<u>20,903,047</u>	<u>677,459</u>	<u>(324,709)</u>	<u>21,255,797</u>
Less: Accumulated Depreciation:				
Building and Land Improvements	(4,448,154)	(345,146)	-	(4,793,300)
Vehicles	(2,542,925)	(245,813)	267,198	(2,521,540)
Machinery and Equipment	(1,524,614)	(258,374)	57,511	(1,725,477)
Infrastructure	(219,871)	(60,947)	-	(280,818)
	<u>(8,735,564)</u>	<u>(910,280)</u>	<u>324,709</u>	<u>(9,321,135)</u>
Governmental Activities Capital Assets, net	<u>\$13,537,763</u>	<u>\$ (232,821)</u>	<u>\$ -</u>	<u>\$13,304,942</u>

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

General Government	\$ 158,918
Public Safety	522,027
Recreation and Cultural	<u>229,335</u>
	<u>\$ 910,280</u>

Business-type Activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, not depreciated:				
Land	\$ 367,557	\$ -	\$ -	\$ 367,557
Capital Assets, being depreciated:				
Infrastructure	26,871,822	-	-	26,871,822
Less: Accumulated Depreciation:				
Infrastructure	<u>(9,317,529)</u>	<u>(478,528)</u>	<u>-</u>	<u>(9,796,057)</u>
Business-type Activities Capital Assets, net	<u>\$ 17,921,850</u>	<u>\$ (478,528)</u>	<u>\$ -</u>	<u>\$ 17,443,322</u>

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets – Continued

<u>Component Unit-Polly Ann Trailway:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 3,314	\$ -	\$ -	\$ 3,314
Capital Assets, being depreciated:				
Restroom	27,296	-	-	27,296
Parking Lot	35,000	-	-	35,000
Trailway Improvements	26,906	-	-	26,906
Less: Accumulated Depreciation	<u>(52,006)</u>	<u>(5,240)</u>	<u>-</u>	<u>(57,246)</u>
Component Unit, Capital Assets, net	<u>\$ 40,510</u>	<u>\$ (5,240)</u>	<u>\$ -</u>	<u>\$ 35,270</u>

C. Interfund Receivables, Payables and Transfers

<u>Advance Receivable</u>	<u>Advance Payable</u>	
Sewer Fund	Parks and Recreation Fund	<u>\$ 33,075</u>
<u>Transfers In</u>	<u>Transfers Out</u>	
Safety Path Fund	General Fund	\$ 10,000
Fire Fund	General Fund	12,100
Parks and Recreation Fund	General Fund	<u>262,500</u>
		<u>\$ 284,600</u>

The Sewer Fund advanced funds to the Park Fund for the purchase of property. The principal plus interest is to be repaid over 7 years.

Transfers from the General Fund to the other funds represent budgeted amounts to augment special projects.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt

The following is a summary of long-term debt transactions of the Township for the year ended December 31, 2016:

	<u>Balance</u> <u>Jan 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec 31, 2016</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 355,000	\$ 2,000,000	\$ 355,000	\$ 2,000,000	\$ 150,000
Compensated Absences	118,035	21,961	-	139,996	-
	<u>\$ 473,035</u>	<u>\$ 2,021,961</u>	<u>\$ 355,000</u>	<u>\$ 2,139,996</u>	<u>\$ 150,000</u>
Business Activities:					
General Obligation Bonds	\$ 7,685,000	\$ -	\$ 395,000	\$ 7,290,000	\$ 405,000
Interceptor Drain 2010A	528,421	-	27,207	501,214	27,933
Interceptor Drain 2010B	134,585	-	6,288	128,297	6,530
Interceptor Drain 2013A	1,586,096	-	69,452	1,516,644	70,849
	<u>\$ 9,934,102</u>	<u>\$ -</u>	<u>\$ 497,947</u>	<u>\$ 9,436,155</u>	<u>\$ 510,312</u>

The following is a summary of general obligation debt outstanding of the Township as of December 31, 2016:

	<u>Number</u> <u>of Issues</u>	<u>Interest</u> <u>Rate</u>	<u>Maturing</u> <u>Through</u>	<u>Principal</u> <u>Outstanding</u>
Governmental Activities:				
General Obligation Bonds	1	2.12%	2026	<u>\$ 2,000,000</u>
Business Activities:				
General Obligation Bonds	1	2.00%-4.00%	2030	\$ 7,290,000
Interceptor Drain Bonds	3	1.15%-5.90%	2034	2,146,155
				<u>\$ 9,436,155</u>

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

The annual debt service requirements to maturity for debt outstanding as of December 31, 2016 are as follows:

<u>Year Ended</u>	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 150,000	\$ 37,394	\$ 510,312	\$ 325,622
2018	170,000	37,418	527,553	307,026
2019	180,000	33,708	550,039	287,743
2020	190,000	29,786	567,772	267,577
2021	200,000	25,652	590,384	246,727
2022-2026	1,110,000	60,208	3,249,151	937,534
2027-2031	-	-	3,149,169	325,368
2032-2034	-	-	291,775	11,748
	<u>\$ 2,000,000</u>	<u>\$ 224,166</u>	<u>\$ 9,436,155</u>	<u>\$ 2,709,345</u>

E. Deferred Inflows of Resources

- Governmental funds report unearned revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. The deferred inflows in the governmental activities represents property taxes levied on December 1, 2016, but recognized revenue in the year ending December 31, 2017, when the proceeds of the levy are budgeted and available for financing operations. At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

Property taxes levied for 2017 \$7,762,607

- In November 2014, the Township issued \$7,755,000 of limited tax general obligation refunding bonds, with a bond premium of \$230,000 which has been recorded as a deferred inflow of resources and is being amortized over the remaining life of the bond. The balance of unamortized bond premium at December 31, 2016 is \$201,250.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

F. Fund Balance Classifications

A detailed description of fund balance classifications (for all governmental fund types) at December 31, 2016, is presented below:

<u>Fund Balance</u>	<u>General Fund</u>	<u>Police Contracting</u>	<u>Parks and Recreation</u>	<u>Fire</u>	<u>Library</u>	<u>Park Bond Construction</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:								
Prepays	\$ 898	\$ -	\$ 12,960	\$ 5,038	\$ -	\$ -	\$ -	\$ 18,896
Restricted for:								
Police	-	660,530	-	-	-	-	-	660,530
Parks & Recreation	-	-	291,251	-	-	-	-	291,251
Park Improvements	-	-	-	-	-	1,977,053	-	1,977,053
Fire & EMS	-	-	-	1,078,642	-	-	-	1,078,642
Library	-	-	-	-	1,272,744	-	-	1,272,744
Debt Service	-	-	-	-	-	-	15,439	15,439
Building Dept.	-	-	-	-	-	-	1,069,682	1,069,682
Cable Television	-	-	-	-	-	-	624,458	624,458
Roads	-	-	-	-	-	-	13,408	13,408
Cemetery	-	-	-	-	-	-	113,072	113,072
Safety Path	-	-	-	-	-	-	29,734	29,734
Telecommunication	-	-	-	-	-	-	13,394	13,394
Community Center	-	-	-	-	-	-	403,694	403,694
Total Restricted	-	660,530	291,251	1,078,642	1,272,744	1,977,053	2,282,881	7,563,101
Committed for								
Capital Projects	-	-	-	-	-	-	300,171	300,171
Assigned for Elkview	1,100,000	-	-	-	-	-	-	1,100,000
Assigned for Roads	400,000	-	-	-	-	-	-	400,000
Assigned for Pension	200,000	-	-	-	-	-	-	200,000
Unassigned	719,979	-	-	-	-	-	-	719,979
Total Fund Balance	\$ 2,420,877	\$ 660,530	\$ 304,211	\$ 1,083,680	\$ 1,272,744	\$ 1,977,053	\$ 2,583,052	\$ 10,302,147

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

G. Property Taxes

Property taxes are assessed as of each December 31. The Township tax levy is billed on December 1 of the following year, and payable through February. Taxes are considered delinquent on March 1, at which time the applicable property is subject to lien and penalty and interest is assessed. The maximum authorized operating levies for the Township are detailed below for the 2015 tax roll:

<u>Purpose</u>	<u>Authorization</u>	<u>Authorized Rate (Pre Rollback)*</u>	<u>Authorized Rate (Post Rollback)*</u>	<u>Rate Levied</u>
Operating	State Law	1.4100	.9461	.9461
Police Services	Voter Approved	3.9152	3.8901	3.8901
Library	Voter Approved	1.0000	.6711	.6711
Library	Voter Approved	.8500	.7161	.7161
Parks and Rec.	Voter Approved	.8538	.8471	.8471
Fire	Voter Approved	3.5000	3.4727	3.4727
Library/Fire Debt	Voter Approved	As Needed	-	.4500

IV. OTHER INFORMATION

A. Defined Benefit Plan – Fire Department

Plan Description

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

Benefits Provided

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

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

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

IV. OTHER INFORMATION – Continued

A. Defined Benefit Plan – Fire Department – Continued

Employees Covered by Benefit Terms

At the December 31, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	14
Inactive plan members entitled to but not yet receiving benefits	3
Active Plan Members	<u>13</u>
Total Employees covered by MERS	<u>30</u>

Contributions

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

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

For the year ended December 31, 2016, the average active employee contribution rate was 2.5 percent of gross wages for all fire employees.

Net Pension Liability

The net pension liability reported at December 31, 2016 was determined using a measure of the total pension liability and the plan net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

IV. OTHER INFORMATION – Continued

A. Defined Benefit Plan – Fire Department – Continued

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

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2014	\$ 4,524,052	\$ 2,818,229	\$ 1,705,823
Service Cost	110,653	-	110,653
Interest	365,955	-	365,955
Contributions-Employer	-	183,900	(183,900)
Contributions-Employee	-	24,632	(24,632)
Net Investment Income	-	(41,537)	41,537
Differences between Expected and Actual Experience	63,650	-	63,650
Change in Assumptions	207,240	-	207,240
Change in Benefits	(37,112)	-	(37,112)
Benefit Payments, including refunds	(287,121)	(287,121)	-
Administrative Expenses	-	(6,120)	6,120
Net Changes	<u>423,265</u>	<u>(126,246)</u>	<u>549,511</u>
Balance at December 31, 2015	<u>\$ 4,947,317</u>	<u>\$ 2,691,983</u>	<u>\$ 2,255,334</u>

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

IV. OTHER INFORMATION – Continued

A. Defined Benefit Plan – Fire Department – Continued

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

At December 31, 2016, the Township reported deferred outflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 236,839
Differences between expected and actual experience	55,692
Differences in Assumptions	181,335
Employer contributions to the plan subsequent to the measurement date	249,413
Total	\$ 723,279

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$249,413), which will impact the net pension liability in fiscal year 2017, rather than pension expense.

Years Ending December 31	Amount
2017	\$ 95,234
2018	95,234
2019	95,233
2020	86,582
2021	33,861
2022	33,861
2023	33,861

Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

IV. OTHER INFORMATION – Continued

A. Defined Benefit Plan – Fire Department – Continued

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of the most recent actuarial experience study from 2009-2013.

Discount Rate

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

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2015, the measurement date, for each major asset class are summarized in the following table:

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

IV. OTHER INFORMATION – Continued

A. Defined Benefit Plan – Fire Department – Continued

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

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

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Net Pension Liability	\$ <u>2,904,137</u>	\$ <u>2,255,334</u>	\$ <u>1,714,782</u>

Pension Plan Fiduciary Net Position

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

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

IV. OTHER INFORMATION – Continued

B. Defined Contribution Plans

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

	<u>General & Fire</u>	<u>Parks and Recreation</u>	<u>Library</u>
Plan Administrator	John Hancock	John Hancock	American Funds
Vesting	Immediate	Immediate	Immediate
Contribution Base	Base Compensation	Base Compensation	Base Compensation
Employer Contribution Rate	10-15%	15%	5%
Employee Voluntary Contribution Rate	Up to 10%	Up to 10%	N/A
Numbered Participants	10	5	15
Employer Contribution	\$69,926	\$41,175	\$19,926
Employee Contribution	\$53,716	\$17,157	N/A

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

IV. OTHER INFORMATION – Continued

C. Post Retirement Health Care Benefits

Plan Description – The Township provides retiree healthcare benefits to eligible employees upon retirement in accordance with contractual agreements. These benefits are provided by contractual agreement and are paid by the General Fund. Currently, 3 individuals are receiving benefits. At the fund level, the expense is recognized by the Township as the payments to the employees are made. During the fiscal year 2016, this amounted to \$43,658.

Funding Policy – The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis).

Funding Progress – For the year ended December 31, 2016, the Township has estimated the cost of providing retiree healthcare benefits through use of the alternate calculation method as established under GASB 45. The alternate calculation method computes an annual required contribution that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The alternate calculation method uses actuarial techniques, although it was not performed by an actuary. The computed contribution and actual funding are summarized as follows:

Annual Required Contribution (recommended)	\$ 42,916
Interest on the prior year's net OPEB obligation	2,808
Less adjustment to the annual required contribution	-
Annual OPEB Cost	45,724
Amounts Contributed:	
Payments of current premiums	(43,658)
Advance funding	-
Increase(Decrease) in net OPEB obligation	2,066
OPEB obligation - Beginning of Year	80,087
OPEB obligation - End of Year	\$ 82,153

The funding progress of the plan as of the most recent valuation date is as follows:

Valuation as of January 1, 2012:	
Actuarial Value of Assets	\$ 1,480
Actuarial Accrued Liability (AAL)	732,270
Unfunded AAL (UAAL)	730,790
Funded Ratio	0.20%
Ratio of UAAL to covered payroll	Not available

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

IV. OTHER INFORMATION – Continued

C. Post Retirement Health Care Benefits - Continued

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year and the two preceding years are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Annual</u> <u>OPEB Costs</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
12/31/2014	1/1/2012	\$ 43,029	76%	\$ 78,646
12/31/2015	1/1/2012	\$ 44,489	97%	\$ 80,087
12/31/2016	1/1/2012	\$ 45,724	95%	\$ 82,153

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 calculation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.0 percent investment rate of return. The unfunded actuarial accrued liabilities were amortized as a level percent of active member payroll over a period of 30 years.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2016

IV. OTHER INFORMATION – Continued

D. Risk Management

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

E. Contingent Liabilities

The Township is a third party defendant in litigation regarding a subdivision within the Township which has a history of road drainage issues. The Township's insurance carrier is handling the case, and the Township may be required to purchase properties and easements and/or undertake road drainage improvements as part of this litigation. Estimated costs to the Township could be in the range of \$0 - \$1,100,000, and the Township Board has assigned \$1,100,000 of the General Fund fund balance for this matter. The Township has obtained a grant commitment from the MDEQ in the amount of \$295,000 to defray potential costs in this matter.

F. Upcoming Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) issued two new pronouncements in June 2015, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which will enhance the note disclosures and schedules of required supplementary information for Other Postemployment Benefit Plans (OPEB). GASB Statement No. 74 will provide information about measures of net OPEB liabilities and an analysis of why those liabilities change from year to year. GASB Statement No. 75 establishes standards for governmental employer recognition, measurement, and presentation of information about OPEB plans. GASB Statement No. 74 will be effective for fiscal years beginning after June 15, 2016 and GASB Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2015</u>	<u>2014</u>
Total Pension Liability:		
Service Cost	\$ 110,653	\$ 116,095
Interest	365,955	350,646
Differences between actual and expected experience	63,650	-
Change in assumptions	207,240	-
Change in benefits	(37,112)	-
Benefit payments, including refunds	<u>(287,121)</u>	<u>(269,797)</u>
Net Change in Total Pension Liability	423,265	196,944
Total Pension Liability, Beginning of year	<u>4,524,052</u>	<u>4,327,108</u>
Total Pension Liability, End of year	<u>\$ 4,947,317</u>	<u>\$ 4,524,052</u>
Plan Fiduciary Net Position:		
Contributions - Employer	\$ 183,900	\$ 176,962
Contributions - Employee	24,632	24,918
Net Investment Income	(41,537)	171,455
Administrative Expenses	(6,120)	(6,292)
Benefit payments, including refunds	<u>(287,121)</u>	<u>(269,797)</u>
Net Change in Plan Fiduciary Net Position	(126,246)	97,246
Plan Fiduciary Net Position, Beginning of year	<u>2,818,229</u>	<u>2,720,983</u>
Plan Fiduciary Net Position, End of year	<u>\$ 2,691,983</u>	<u>\$ 2,818,229</u>
Township's Net Pension Liability - Ending	<u>\$ 2,255,334</u>	<u>\$ 1,705,823</u>
Plan Fiduciary Net Position as a Percent of Total Pension Liability	54.4%	62.3%
Covered Employee Payroll	\$ 967,247	\$ 1,014,816
Township's Net Pension Liability as a Percent of Covered Employee Payroll	233.2%	168.1%

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 226,491	\$ 186,263	\$ 181,601	\$ 149,148	\$ 149,587	\$ 130,513	\$ 125,070	\$ 167,147	\$ 164,027	\$ 210,323
Contributions in relation to the actuarially determined contribution	249,413	186,263	181,601	149,148	149,587	130,513	125,070	167,147	164,027	210,323
Contribution Deficiency (Excess)	\$ (22,922)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 1,295,209	\$ 1,054,378	\$ 1,014,816	\$ 917,312	\$ 945,091	\$ 887,100	\$ 851,839	\$ 988,040	\$ 922,416	\$ 770,031
Contributions as a Percentage of Covered Employee Payroll	19.3%	17.7%	17.9%	16.3%	15.8%	14.7%	14.7%	16.9%	17.8%	27.3%

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-age normal
Amortization Method	Level percentage of pay, open
Remaining Amortization Period	24 years
Asset Valuation Method	10 year smoothed market
Inflation	3 - 4%
Salary Increases	4.5% including inflation
Investment Rate of Return	8%
Retirement Age	Experience based tables of rates that are specific to the type of eligibility condition
Mortality	50% Male - 50% Female blend of the 1994 Group Annuity Mortality Table

CHARTER TOWNSHIP OF OXFORD
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 718,302	\$ 727,407	\$ 727,815	\$ 408
Licenses and Permits	19,200	31,016	30,780	(236)
Intergovernmental - Federal/CDBG	25,000	25,000	17,592	(7,408)
Intergovernmental - State	1,359,000	1,396,692	1,349,544	(47,148)
Charges for Services	154,770	174,244	170,616	(3,628)
Franchise Fees	-	10,000	10,000	-
Special Assessments	-	17,689	17,689	-
Interest	10,625	25,048	23,586	(1,462)
Other	285,300	29,083	28,917	(166)
Total Revenues	2,572,197	2,436,179	2,376,539	(59,640)
Expenditures:				
General Government:				
Township Board	34,300	32,819	29,112	3,707
Township Supervisor	128,387	127,387	125,119	2,268
Elections	46,900	72,634	61,129	11,505
Assessor	158,100	149,922	147,054	2,868
Professional Fees	37,400	40,000	39,696	304
Township Clerk	162,065	156,905	155,347	1,558
Board of Review	4,410	3,273	2,722	551
Township Treasurer	154,072	154,072	152,391	1,681
Township Hall Building	69,100	106,279	81,932	24,347
Cemetery	72,200	82,892	76,507	6,385
Other	300,200	200,567	151,878	48,689
Total General Government	1,167,134	1,126,750	1,022,887	103,863
Planning and Zoning:				
Planning Commission	126,175	96,384	72,999	23,385
Board of Appeals	11,050	6,580	5,180	1,400
Total Planning and Zoning	137,225	102,964	78,179	24,785
Public Works:				
Highways and Streets	37,200	27,200	22,415	4,785
Street Lighting	12,000	27,486	27,377	109
Engineering	28,000	103,494	90,995	12,499
Total Public Works	77,200	158,180	140,787	17,393
Health and Welfare:				
Citizen Programs/CDBG	25,000	25,000	25,000	-
Social Services	12,120	12,120	12,105	15
NOTA	70,000	70,000	67,152	2,848
Total Health and Welfare	107,120	107,120	104,257	2,863
Other Functions:				
Fringe Benefits	374,900	374,400	355,191	19,209
Insurance and Bonds	9,900	10,900	9,531	1,369
Contributions	10,000	9,838	9,838	-
Contingencies	678,718	523,927	-	523,927
Total Other Functions	1,073,518	919,065	374,560	544,505
Total Expenditures	2,562,197	2,414,079	1,720,670	693,409

(continued)

CHARTER TOWNSHIP OF OXFORD
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	\$ 10,000	\$ 22,100	\$ 655,869	\$ 633,769
Other Financing Uses: Operating Transfers Out	<u>(10,000)</u>	<u>(284,600)</u>	<u>(284,600)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (262,500)</u>	371,269	<u>\$ 633,769</u>
Fund Balance - January 1			<u>2,049,608</u>	
Fund Balance - December 31			<u>\$ 2,420,877</u>	

CHARTER TOWNSHIP OF OXFORD
Police Contracting Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 2,566,100	\$ 2,570,751	\$ 2,570,751	\$ -
Intergovernmental-State	8,700	9,016	24,686	15,670
Charges for Services	3,900	77,578	59,415	(18,163)
Fines and Forfeitures	24,000	29,495	33,017	3,522
Interest	1,800	5,028	4,902	(126)
Total Revenues	<u>2,604,500</u>	<u>2,691,868</u>	<u>2,692,771</u>	<u>903</u>
Expenditures:				
Public Safety	<u>2,604,500</u>	<u>2,691,868</u>	<u>2,346,145</u>	<u>345,723</u>
Excess (Deficiency) of Revenue Over Expenditures	\$ <u>-</u>	\$ <u>-</u>	346,626	\$ <u>346,626</u>
Fund Balance - January 1			<u>313,904</u>	
Fund Balance - December 31			<u>\$ 660,530</u>	

CHARTER TOWNSHIP OF OXFORD
Parks and Recreation Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 643,200	\$ 643,200	\$ 641,083	\$ (2,117)
Charges for Services	490,200	490,200	539,827	49,627
Interest	-	-	5,588	5,588
Other	-	-	11,518	11,518
Total Revenues	<u>1,133,400</u>	<u>1,133,400</u>	<u>1,198,016</u>	<u>64,616</u>
Expenditures:				
Recreation	1,133,400	1,133,400	1,366,826	(233,426)
Total Expenditures	<u>1,133,400</u>	<u>1,133,400</u>	<u>1,366,826</u>	<u>(233,426)</u>
Excess (Deficiency) of Revenue Over Expenditures	-	-	(168,810)	(168,810)
Other Financing Sources:				
Operating Transfers In	-	-	262,500	262,500
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	93,690	<u>\$ (168,810)</u>
Fund Balance - January 1			<u>210,521</u>	
Fund Balance - December 31			<u>\$ 304,211</u>	

CHARTER TOWNSHIP OF OXFORD
Fire Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 2,634,000	\$ 2,634,000	\$ 2,627,798	\$ (6,202)
Grants	-	-	1,000	1,000
Charges for Services	501,600	501,600	475,242	(26,358)
Interest	6,662	6,662	11,631	4,969
Other	-	-	11,180	11,180
Total Revenues	<u>3,142,262</u>	<u>3,142,262</u>	<u>3,126,851</u>	<u>(15,411)</u>
Expenditures:				
Public Safety	2,987,389	2,987,389	1,905,269	1,082,120
Capital Outlay	154,873	154,873	150,002	4,871
Total Expenditures	<u>3,142,262</u>	<u>3,142,262</u>	<u>2,055,271</u>	<u>1,086,991</u>
Excess (Deficiency) of Revenue Over Expenditures	-	-	1,071,580	1,071,580
Other Financing Sources:				
Operating Transfers In	-	-	12,100	12,100
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	1,083,680	<u>\$ 1,083,680</u>
Fund Balance - January 1			-	
Fund Balance - December 31			<u>\$ 1,083,680</u>	

CHARTER TOWNSHIP OF OXFORD
Library Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 1,049,816	\$ 1,049,838	\$ 1,049,838	\$ -
Intergovernmental-State	12,500	13,422	13,422	-
Intergovernmental-Local	41,000	43,415	43,415	-
Fines	14,000	15,000	15,294	294
Grants	5,000	3,650	3,650	-
Interest	13,024	10,924	13,325	2,401
Other	8,505	14,300	15,153	853
Total Revenues	<u>1,143,845</u>	<u>1,150,549</u>	<u>1,154,097</u>	<u>3,548</u>
Expenditures:				
Operating	1,093,845	1,068,549	1,021,180	47,369
Capital Outlay	50,000	82,000	65,384	16,616
Total Expenditures	<u>1,143,845</u>	<u>1,150,549</u>	<u>1,086,564</u>	<u>63,985</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	67,533	<u>\$ 67,533</u>
Fund Balance - January 1			<u>1,205,211</u>	
Fund Balance - December 31			<u>\$ 1,272,744</u>	

OTHER SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF OXFORD
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects- Building & Site</u>	<u>Permanent Fund- Cemetery</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 1,682,036	\$ 15,439	\$ 703,865	\$ 28,000	\$ 2,429,340
Accounts Receivable	174,985	-	-	-	174,985
Taxes Receivable	-	204,787	-	-	204,787
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,857,021</u>	<u>\$ 220,226</u>	<u>\$ 703,865</u>	<u>\$ 28,000</u>	<u>\$ 2,809,112</u>
 <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</u>					
Liabilities:					
Accounts Payable	\$ 21,273	\$ -	\$ -	\$ -	\$ 21,273
Deferred Inflows:					
Deferred Tax Revenue	-	204,787	-	-	204,787
Fund Balance:					
Restricted	1,835,748	15,439	403,694	28,000	2,282,881
Committed for Capital Projects	-	-	300,171	-	300,171
Total Fund Balance	<u>1,835,748</u>	<u>15,439</u>	<u>703,865</u>	<u>28,000</u>	<u>2,583,052</u>
Total Liabilities and Fund Balance	<u>\$ 1,857,021</u>	<u>\$ 220,226</u>	<u>\$ 703,865</u>	<u>\$ 28,000</u>	<u>\$ 2,809,112</u>

CHARTER TOWNSHIP OF OXFORD
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue	Debt Service	Capital Projects- Building & Site	Permanent Fund- Cemetery	Total Nonmajor Governmental Funds
<u>Revenues:</u>					
Property Taxes	\$ 471	\$ 340,690	\$ -	\$ -	\$ 341,161
Licenses and Permits	594,090	-	-	-	594,090
Intergovernmental	13,401	-	-	-	13,401
Charges for Services	33,075	-	-	-	33,075
Franchise Fees	355,292	-	-	-	355,292
Interest	10,775	158	6,353	-	17,286
Other	22,784	-	200	-	22,984
Total Revenues	<u>1,029,888</u>	<u>340,848</u>	<u>6,553</u>	<u>-</u>	<u>1,377,289</u>
<u>Expenditures:</u>					
General Government	2,591	-	-	-	2,591
Public Safety	1,032,845	-	-	-	1,032,845
Public Works	42,891	-	-	-	42,891
Other	351,458	-	-	-	351,458
Debt Service:					
Principal	-	355,000	-	-	355,000
Interest and Other Charges	-	5,533	-	-	5,533
Capital Outlay	130,840	-	14,544	-	145,384
Total Expenditures	<u>1,560,625</u>	<u>360,533</u>	<u>14,544</u>	<u>-</u>	<u>1,935,702</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(530,737)</u>	<u>(19,685)</u>	<u>(7,991)</u>	<u>-</u>	<u>(558,413)</u>
<u>Other Financing Sources:</u>					
Operating Transfers In	10,000	-	-	-	10,000
Total Other Financing Sources	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Net Change in Fund Balances	(520,737)	(19,685)	(7,991)	-	(548,413)
Fund Balances - January 1	<u>2,356,485</u>	<u>35,124</u>	<u>711,856</u>	<u>28,000</u>	<u>3,131,465</u>
Fund Balances - December 31	<u>\$ 1,835,748</u>	<u>\$ 15,439</u>	<u>\$ 703,865</u>	<u>\$ 28,000</u>	<u>\$ 2,583,052</u>

CHARTER TOWNSHIP OF OXFORD
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2016

<u>ASSETS</u>	<u>Advanced Life Support</u>	<u>Fire & EMS</u>	<u>Building</u>	<u>Cable Television</u>
Cash	\$ -	\$ 3,367	\$ 1,069,682	\$ 467,379
Accounts Receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,985</u>
Total Assets	<u>\$ -</u>	<u>\$ 3,367</u>	<u>\$ 1,069,682</u>	<u>\$ 642,364</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ -	\$ 3,367	\$ -	\$ 17,906
Fund Balance:				
Restricted	<u>-</u>	<u>-</u>	<u>1,069,682</u>	<u>624,458</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 3,367</u>	<u>\$ 1,069,682</u>	<u>\$ 642,364</u>

<u>Road</u>	<u>Cemetery Maintenance</u>	<u>Safety Path</u>	<u>Telecom- munication</u>	<u>Total</u>
\$ 13,408	\$ 85,072	\$ 29,734	\$ 13,394	\$ 1,682,036
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,985</u>
<u>\$ 13,408</u>	<u>\$ 85,072</u>	<u>\$ 29,734</u>	<u>\$ 13,394</u>	<u>\$ 1,857,021</u>

\$ - \$ - \$ - \$ - \$ 21,273

<u>13,408</u>	<u>85,072</u>	<u>29,734</u>	<u>13,394</u>	<u>1,835,748</u>
<u>\$ 13,408</u>	<u>\$ 85,072</u>	<u>\$ 29,734</u>	<u>\$ 13,394</u>	<u>\$ 1,857,021</u>

CHARTER TOWNSHIP OF OXFORD
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2016

	<u>Advanced Life Support</u>	<u>Fire & EMS</u>	<u>Building</u>	<u>Cable Television</u>
Revenues:				
Property Taxes	\$ 188	\$ 283	\$ -	\$ -
Licenses and Permits	-	-	594,090	-
Intergovernmental - State	-	-	-	-
Charges for Services	-	450	32,625	-
Franchise Fees	-	-	-	355,292
Interest	2,580	1,489	2,264	4,202
Other	-	-	10,733	4,073
Total Revenues	<u>2,768</u>	<u>2,222</u>	<u>639,712</u>	<u>363,567</u>
Expenditures:				
Current:				
General Government	-	-	-	-
Public Safety	397,393	393,437	242,015	-
Public Works	-	-	-	-
Other	-	-	-	351,458
Capital Outlay	130,840	-	-	-
Total Expenditures	<u>528,233</u>	<u>393,437</u>	<u>242,015</u>	<u>351,458</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(525,465)</u>	<u>(391,215)</u>	<u>397,697</u>	<u>12,109</u>
Other Financing Sources:				
Operating Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(525,465)	(391,215)	397,697	12,109
Fund Balance - January 1	<u>525,465</u>	<u>391,215</u>	<u>671,985</u>	<u>612,349</u>
Fund Balance - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,069,682</u>	<u>\$ 624,458</u>

<u>Road</u>	<u>Cemetery Maintenance</u>	<u>Safety Path</u>	<u>Telecom- munication</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 471
-	-	-	-	594,090
-	-	-	13,401	13,401
-	-	-	-	33,075
-	-	-	-	355,292
17	175	42	6	10,775
-	1,001	6,976	1	22,784
<u>17</u>	<u>1,176</u>	<u>7,018</u>	<u>13,408</u>	<u>1,029,888</u>
-	2,591	-	-	2,591
-	-	-	-	1,032,845
25,521	-	6,770	10,600	42,891
-	-	-	-	351,458
-	-	-	-	130,840
<u>25,521</u>	<u>2,591</u>	<u>6,770</u>	<u>10,600</u>	<u>1,560,625</u>
<u>(25,504)</u>	<u>(1,415)</u>	<u>248</u>	<u>2,808</u>	<u>(530,737)</u>
-	-	10,000	-	10,000
(25,504)	(1,415)	10,248	2,808	(520,737)
<u>38,912</u>	<u>86,487</u>	<u>19,486</u>	<u>10,586</u>	<u>2,356,485</u>
<u>\$ 13,408</u>	<u>\$ 85,072</u>	<u>\$ 29,734</u>	<u>\$ 13,394</u>	<u>\$ 1,835,748</u>

CHARTER TOWNSHIP OF OXFORD
Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2016

	<u>Fire/Library Debt</u>	<u>Park Bond Debt</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 15,439	\$ -	\$ 15,439
Taxes Receivable	<u>-</u>	<u>204,787</u>	<u>204,787</u>
Total Assets	<u>\$ 15,439</u>	<u>\$ 204,787</u>	<u>\$ 220,226</u>
 <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</u>			
Liabilities	\$ -	\$ -	\$ -
Deferred Inflows:			
Deferred Tax Revenue	-	204,787	204,787
Fund Balance:			
Restricted for Debt	<u>15,439</u>	<u>-</u>	<u>15,439</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 15,439</u>	<u>\$ 204,787</u>	<u>\$ 220,226</u>

CHARTER TOWNSHIP OF OXFORD
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2016

	<u>Fire/Library Debt</u>	<u>Park Bond Debt</u>	<u>Total</u>
<u>Revenues:</u>			
Property Taxes	\$ 340,690	\$ -	\$ 340,690
Interest	158	-	158
Total Revenues	<u>340,848</u>	<u>-</u>	<u>340,848</u>
<u>Expenditures:</u>			
<u>Debt Service:</u>			
Principal	355,000	-	355,000
Interest and Other Charges	5,533	-	5,533
Total Expenditures	<u>360,533</u>	<u>-</u>	<u>360,533</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(19,685)</u>	<u>-</u>	<u>(19,685)</u>
<u>Other Financing Sources:</u>			
Bond Proceeds	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(19,685)	-	(19,685)
Fund Balances - January 1	<u>35,124</u>	<u>-</u>	<u>35,124</u>
Fund Balances - December 31	<u>\$ 15,439</u>	<u>\$ -</u>	<u>\$ 15,439</u>

CHARTER TOWNSHIP OF OXFORD
Component Unit - Polly Ann Trailway Management Council
Balance Sheet
December 31, 2016

Assets

Cash	\$	75,614
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Liabilities and Fund Balance

Liabilities:

Accounts Payable	\$	-
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Fund Balance		75,614
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Total Liabilities and Fund Balance	\$	75,614
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Reconciliation to Statement of Net Position (page 10):

Fund Balance at December 31, 2016	\$	75,614
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Capital Assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		35,270
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Net Position of Governmental Activities-Component Unit	\$	110,884
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CHARTER TOWNSHIP OF OXFORD
Component Unit - Polly Ann Trailway Management Council
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Contributions - Orion Township	\$ 13,643	\$ 13,643	\$ 13,643	\$ -
Contributions - Oxford Township	9,838	9,838	9,838	-
Contributions - Village of Oxford	2,093	2,093	2,093	-
Contributions - Addison Township	7,749	7,749	7,749	-
Grants	5,000	15,000	-	(15,000)
Donations	6,677	7,477	4,535	(2,942)
Interest Income	90	60	66	6
Total Revenues	45,090	55,860	37,924	(17,936)
<u>Expenditures</u>				
Contracted Services	15,000	16,000	13,435	2,565
Professional Services	1,200	3,000	1,500	1,500
Insurance	2,600	2,800	2,755	45
Telephone	260	400	202	198
Utilities	100	250	233	17
Grounds Maintenance	13,000	20,000	16,505	3,495
Equipment and Hardware	2,000	2,600	2,838	(238)
Advertising and Web	3,000	3,100	2,949	151
Grant Expenses	-	15,000	1,930	13,070
Miscellaneous	4,730	4,437	1,541	2,896
Contingency	3,200	-	-	-
Total Expenditures	45,090	67,587	43,888	23,699
Net Change in Fund Balance	\$ -	\$ (11,727)	(5,964)	\$ 5,763
Fund Balance - Beginning			81,578	
Fund Balance - Ending			\$ 75,614	
<u>Reconciliation to Statement of Activities (pages 11-12):</u>				
Net Change in Fund Balance at December 31, 2016			\$ (5,964)	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents capital outlay in excess of depreciation in the current period.				
Depreciation Expense			(5,240)	
Change in Net Position-Component Unit			\$ (11,204)	

