

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

AUDITED FINANCIAL REPORT

**For the Fiscal Year Ended
December 31, 2013**

CHARTER TOWNSHIP OF OXFORD
For the Year Ended December 31, 2013

Table of Contents

INTRODUCTORY SECTION

Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11-12
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	13-14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	15-16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses, and Changes In Net Position – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Fiduciary Net Position	21
Notes to Financial Statements	22-43

CHARTER TOWNSHIP OF OXFORD
For the Year Ended December 31, 2013

Table of Contents

	<u>Page</u>
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	44-45
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Police Contracting Special Revenue Fund	46
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Parks and Recreation Special Revenue Fund	47
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Advanced Life Support Special Revenue Fund	48
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Fire & EMS Special Revenue Fund	49
Statement of Revenues, Expenditures and Changes in Fund Balance – Library Special Revenue Fund	50
Other Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	52
Combining Balance Sheet – Nonmajor Special Revenue Funds	53-54
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Special Revenue Funds	55-56

FINANCIAL SECTION

PSLZ LLP

Certified Public Accountants

PLYMOUTH

1034 WEST ANN ARBOR TRAIL
P.O. BOX 5520
PLYMOUTH, MI 48170-1502
Telephone (734) 453-8770

Dennis M. Siegner, C.P.A., C.V.A.
David R. Williamson, C.P.A.
Jane F. Wang, C.P.A.
Rana M. Emmons, C.P.A.
Jennifer A. Galofaro, C.P.A., C.V.A.
Susan H. Bertram, C.P.A.

BLOOMFIELD HILLS

3707 WEST MAPLE ROAD
SUITE 101
BLOOMFIELD HILLS, MI 48301-3212
Telephone (248) 644-9125

Deborah M. Cox, C.P.A.

Independent Auditor's Report

June 27, 2014

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, 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, 2013, 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, each major fund, and the aggregate remaining fund information of the Charter Township of Oxford as of December 31, 2013, 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

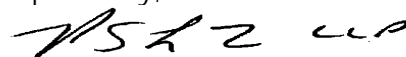
Required Supplementary Information

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,



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, 2013.

Financial Highlights

- The assets of Charter Township of Oxford exceeded its liabilities at the close of the most recent fiscal year by \$29,827,783 (*net position*). Of this amount, \$8,115,689 (*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 \$8,814,410, an increase of \$498,162 in comparison with the prior year. Approximately 22 percent of this amount, \$1,918,130 is *available for spending* at the government's discretion (*unrestricted fund balance*).
- Charter Township of Oxford's total long-term debt decreased by \$1,381,658 during the current fiscal year, which primarily reflects the 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 10-12 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 16 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, Advanced Life Support Fund, Fire & EMS Fund, Library Fund, and Fire/Library Debt 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, Advanced Life Support, Fire & EMS 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 51-56 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 \$29,827,783 at the close of the most recent fiscal year.

A significant portion of Charter Township of Oxford's net position (54 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	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 16,369,891	\$ 16,009,059	\$ 5,418,198	\$ 5,860,148	\$ 21,788,089	\$ 21,869,207
Capital Assets	11,554,337	11,931,792	16,399,850	16,931,485	27,954,187	28,863,277
Total Assets	<u>27,924,228</u>	<u>27,940,851</u>	<u>21,818,048</u>	<u>22,791,633</u>	<u>49,742,276</u>	<u>50,732,484</u>
Long-term Liabilities						
Outstanding	2,627,446	3,644,044	9,417,214	9,778,048	12,044,660	13,422,092
Other Liabilities	386,570	616,190	314,352	383,148	700,922	999,338
Deferred Inflows	<u>7,168,911</u>	<u>7,076,621</u>	<u>-</u>	<u>-</u>	<u>7,168,911</u>	<u>7,076,621</u>
Total Liabilities and Deferred Inflows	<u>10,182,927</u>	<u>11,336,855</u>	<u>9,731,566</u>	<u>10,161,196</u>	<u>19,914,493</u>	<u>21,498,051</u>
Net Position:						
Invested in Capital Assets, net of related debt	9,104,337	8,466,792	6,982,636	7,153,437	16,086,973	15,620,229
Restricted	5,625,121	5,357,382	-	-	5,625,121	5,357,382
Unrestricted	<u>3,011,843</u>	<u>2,779,822</u>	<u>5,103,846</u>	<u>5,477,000</u>	<u>8,115,689</u>	<u>8,256,822</u>
Total Net Position	<u>\$ 17,741,301</u>	<u>\$ 16,603,996</u>	<u>\$ 12,086,482</u>	<u>\$ 12,630,437</u>	<u>\$ 29,827,783</u>	<u>\$ 29,234,433</u>

An additional portion of Charter Township of Oxford's net position (19 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$8,115,689) 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 \$1,137,305 during the current fiscal year, as presented:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program Revenues:						
Charges for Services	\$ 1,540,367	\$ 1,504,414	\$ 1,670,323	\$ 1,599,248	\$ 3,210,690	\$ 3,103,662
Operating Grants & Contributions	32,777	67,116	-	-	32,777	67,116
Capital Grants & Contributions	-	231,685	558,639	342,039	558,639	573,724
General Revenues:						
Property Taxes	7,131,278	6,665,341	-	-	7,131,278	6,665,341
State Shared Revenues	1,290,500	1,255,377	-	-	1,290,500	1,255,377
Investment Earnings	48,664	33,364	46,363	54,111	95,027	87,475
Other	279,617	294,506	-	38,500	279,617	333,006
Total Revenues	<u>10,323,203</u>	<u>10,051,803</u>	<u>2,275,325</u>	<u>2,033,898</u>	<u>12,598,528</u>	<u>12,085,701</u>
Program Expenses:						
General Government	1,655,586	1,692,342	-	-	1,655,586	1,692,342
Public Safety	5,020,206	4,912,059	-	-	5,020,206	4,912,059
Planning and Zoning	61,816	67,988	-	-	61,816	67,988
Public Works	61,877	73,987	-	-	61,877	73,987
Recreation and Cultural	2,239,122	2,346,645	-	-	2,239,122	2,346,645
Other	82,829	98,451	-	-	82,829	98,451
Interest on Long-Term Debt	64,462	82,112	-	-	64,462	82,112
Water and Sewer	-	-	2,819,280	2,579,038	2,819,280	2,579,038
Total Expenses	<u>9,185,898</u>	<u>9,273,584</u>	<u>2,819,280</u>	<u>2,579,038</u>	<u>12,005,178</u>	<u>11,852,622</u>
Change in Net Position	<u>\$ 1,137,305</u>	<u>\$ 778,219</u>	<u>\$ (543,955)</u>	<u>\$ (545,140)</u>	<u>\$ 593,350</u>	<u>\$ 233,079</u>

Business-type activities. Business-type activities decreased Charter Township of Oxford's net position by \$543,955 which is a result of payment of the interest on the annual debt service for the water general obligation bonds of \$387,007, and higher quarterly sewer treatment costs paid to Oakland County Water Resources Commission.

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 \$8,814,410, an increase of \$498,162 in comparison with the prior year. The *unrestricted fund balance*, which is the amount available for spending at the government's discretion, represents 36% 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 Charter Township of Oxford. At the end of the current fiscal year, unassigned fund balance was \$1,493,130. The fund balance of Charter Township of Oxford's general fund decreased by \$709,992 during the current fiscal year, in comparison to a \$67,950 decrease in the prior year. General Fund operating revenues increased \$18,982 and operating expenditures increased \$142,873 over the prior year due to computer software upgrades and purchase of a Township vehicle. The General Fund also transferred a total of \$1,370,000 to other funds to accomplish projects within the Township such as safety path construction(\$385,000) and Township Hall meeting room and police substation addition (\$985,000).

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 \$5,103,846 at the end of the year. Other factors concerning the finances of this fund have already been addressed in the discussion of Charter Township of Oxford's business-type activities.

General Fund Budgetary Highlights

The differences between the beginning and final budgets represent an increase in budgeted expenditures and operating transfers out of \$1,695,039, as a result of increasing \$250,000 for anticipated engineering expenses on Elkview, and operating transfers of \$385,000 for safety paths construction and \$985,000 for an addition to the Township Hall including a police substation.

Capital Asset and Debt Administration

Capital assets. Charter Township of Oxford's investment in capital assets for its governmental and business type activities as of December 31, 2013, amounts to \$27,954,187 (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 \$909,090 primarily due to annual depreciation expense. Capital asset additions during 2013 included purchase of an Advanced Life Support ambulance, a Township vehicle, library equipment (\$50,588) and cable equipment (\$59,673).

Long-term debt. At the end of the current fiscal year, Charter Township of Oxford had total bonded debt outstanding of \$11,867,214. 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. The Township reduced the amount of bonded debt in 2013 by \$1,375,834 as a result of annual debt service payments.

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 unemployment rate is still high in the State of Michigan, however State shared revenue appears to be increasing slightly. The Township has faced declining taxable values in recent years which resulted in decreased property tax revenues. The Township has also been vigorously defending against tax tribunal cases, to stem further decreases in taxable values. The Township has adopted a balanced budget in the General Fund for fiscal year 2014, and does not anticipate utilizing any General Fund fund balance in the upcoming year.

The Township has placed two ballot questions on the August 2014 election ballot. The first is a request to issue bonds in an amount not to exceed \$20,000,000 to construct an Oxford Community Recreation Center and levy 1.60 mills to repay the debt. The second ballot question is requesting .05 mills for a period of 5 years to operate the recreation center.

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, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 8,845,349	\$ 4,854,137	\$ 13,699,486
Receivables (net of allowance for uncollectibles):			
Accounts	119,659	474,590	594,249
Taxes	7,168,911	-	7,168,911
Due from Other Units	224,265	89,471	313,736
Prepaid Expenditures	11,707	-	11,707
Capital Assets (net of Accumulated Depreciation)	11,554,337	16,399,850	27,954,187
Total Assets	27,924,228	21,818,048	49,742,276
 <u>LIABILITIES and DEFERRED INFLOWS</u>			
Liabilities:			
Accounts Payable	229,744	440,907	670,651
Accrued Liabilities	30,271	-	30,271
Advance from Other Funds	126,555	(126,555)	-
Noncurrent Liabilities:			
Other Postemployment Benefit Liability	68,148	-	68,148
Compensated Absences	109,298	-	109,298
Due within one year	1,035,000	376,681	1,411,681
Due in more than one year	1,415,000	9,040,533	10,455,533
Total Liabilities	3,014,016	9,731,566	12,745,582
Deferred Inflows:			
Property Taxes Collected for the following year	7,168,911	-	7,168,911
Total Liabilities and Deferred Inflows	10,182,927	9,731,566	19,914,493
 <u>NET POSITION</u>			
Net Investment in Capital Assets	9,104,337	6,982,636	16,086,973
Restricted	5,625,121	-	5,625,121
Unrestricted	3,011,843	5,103,846	8,115,689
Total Net Position	\$ 17,741,301	\$ 12,086,482	\$ 29,827,783

CHARTER TOWNSHIP OF OXFORD
Statement of Activities
For the Year Ended December 31, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 1,655,586	\$ 136,013	\$ 14,021	\$ -
Public Safety	5,020,206	748,496	-	-
Planning and Zoning	61,816	36,735	-	-
Public Works	61,877	-	-	-
Health and Welfare	82,829	-	4,816	-
Recreation and Cultural	2,239,122	619,123	13,940	-
Interest on Long-Term Debt	64,462	-	-	-
Total Governmental Activities	<u>9,185,898</u>	<u>1,540,367</u>	<u>32,777</u>	<u>-</u>
Business-type Activities:				
Water	801,161	567,941	-	379,605
Sewer	2,018,119	1,102,382	-	179,034
Total Business-type Activities	<u>2,819,280</u>	<u>1,670,323</u>	<u>-</u>	<u>558,639</u>
Total Primary Government	\$ <u>12,005,178</u>	\$ <u>3,210,690</u>	\$ <u>32,777</u>	\$ <u>558,639</u>

General Revenues:
Property Taxes
State Shared Revenue
Franchise Fees
Unrestricted Investment Earnings
Total General Revenues

Change in Net Position
Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,505,552)	\$ -	\$ (1,505,552)
(4,271,710)	-	(4,271,710)
(25,081)	-	(25,081)
(61,877)	-	(61,877)
(78,013)	-	(78,013)
(1,606,059)	-	(1,606,059)
(64,462)	-	(64,462)
<u>(7,612,754)</u>	<u>-</u>	<u>(7,612,754)</u>
-	146,385	146,385
-	(736,703)	(736,703)
<u>-</u>	<u>(590,318)</u>	<u>(590,318)</u>
<u>(7,612,754)</u>	<u>(590,318)</u>	<u>(8,203,072)</u>
7,131,278	-	7,131,278
1,290,500	-	1,290,500
279,617	-	279,617
48,664	46,363	95,027
<u>8,750,059</u>	<u>46,363</u>	<u>8,796,422</u>
1,137,305	(543,955)	593,350
<u>16,603,996</u>	<u>12,630,437</u>	<u>29,234,433</u>
<u>\$ 17,741,301</u>	<u>\$ 12,086,482</u>	<u>\$ 29,827,783</u>

CHARTER TOWNSHIP OF OXFORD
Balance Sheet
Governmental Funds
December 31, 2013

	<u>General</u>	<u>Police Contracting</u>	<u>Parks and Recreation</u>	<u>Advanced Life Support</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,695,550	\$ 861,583	\$ 279,529	\$ 1,286,223
Receivables (net of allowance for uncollectibles):				
Accounts	12,986	-	5,526	-
Taxes	639,535	2,253,608	570,219	667,908
Due from Other Governmental Units	224,265	-	-	-
Due from Other Funds	-	-	-	20,210
Prepaid Expenditures	2,115	-	8,877	-
Total Assets	\$ <u>2,574,451</u>	\$ <u>3,115,191</u>	\$ <u>864,151</u>	\$ <u>1,974,341</u>
 <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 4,775	\$ 194,997	\$ 337	\$ 7,347
Accrued and Other Liabilities	9,896	-	-	-
Due to Other Funds	-	-	-	-
Advance from Other Funds	-	-	126,555	-
Deferred Inflows:				
Deferred Tax Revenue	639,535	2,253,608	570,219	667,908
Total Liabilities and Deferred Inflows	<u>654,206</u>	<u>2,448,605</u>	<u>697,111</u>	<u>675,255</u>
Fund Balances:				
Nonspendable-Prepays	2,115	-	8,877	-
Restricted	-	666,586	158,163	1,299,086
Unrestricted:				
Committed for Capital Projects	-	-	-	-
Assigned for Future Projects	425,000	-	-	-
Unassigned	1,493,130	-	-	-
Total Fund Balances	<u>1,920,245</u>	<u>666,586</u>	<u>167,040</u>	<u>1,299,086</u>
Total Liabilities, Deferred Inflows and Fund Balances	\$ <u>2,574,451</u>	\$ <u>3,115,191</u>	\$ <u>864,151</u>	\$ <u>1,974,341</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.
- 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>Fire & EMS</u>	<u>Library</u>	<u>Fire/Library Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 594,194	\$ 1,449,180	\$ 42,619	\$ 2,636,471	\$ 8,845,349
-	-	-	101,147	119,659
1,001,843	933,788	1,102,010	-	7,168,911
-	-	-	-	224,265
-	-	-	-	20,210
715	-	-	-	11,707
<u>\$ 1,596,752</u>	<u>\$ 2,382,968</u>	<u>\$ 1,144,629</u>	<u>\$ 2,737,618</u>	<u>\$ 16,390,101</u>

\$ 22,288	\$ -	\$ -	\$ -	\$ 229,744
2,451	-	-	17,924	30,271
20,210	-	-	-	20,210
-	-	-	-	126,555
1,001,843	933,788	1,102,010	-	7,168,911
<u>1,046,792</u>	<u>933,788</u>	<u>1,102,010</u>	<u>17,924</u>	<u>7,575,691</u>

715	-	-	-	11,707
549,245	1,449,180	42,619	1,460,242	5,625,121
-	-	-	1,259,452	1,259,452
-	-	-	-	425,000
-	-	-	-	1,493,130
<u>549,960</u>	<u>1,449,180</u>	<u>42,619</u>	<u>2,719,694</u>	<u>8,814,410</u>
<u>\$ 1,596,752</u>	<u>\$ 2,382,968</u>	<u>\$ 1,144,629</u>	<u>\$ 2,737,618</u>	

11,554,337
(68,148)
(2,559,298)
\$ 17,741,301

CHARTER TOWNSHIP OF OXFORD
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2013

	<u>General</u>	<u>Police Contracting</u>	<u>Parks and Recreation</u>	<u>Advanced Life Support</u>
<u>Revenues</u>				
Property Taxes	\$ 637,180	\$ 2,230,693	\$ 564,903	\$ 661,667
Licenses and Permits	20,063	-	-	-
Intergovernmental:				
Federal, State and Local	1,276,544	8,528	-	-
Charges for Services	146,928	4,382	514,077	476,413
Fines and Forfeitures	-	24,647	-	-
Franchise Fees	-	-	-	-
Interest	19,376	3,256	2,762	3,275
Other	2,918	-	48,042	26,205
Total Revenues	<u>2,103,009</u>	<u>2,271,506</u>	<u>1,129,784</u>	<u>1,167,560</u>
<u>Expenditures</u>				
Current:				
General Government	918,534	-	-	-
Public Safety	-	2,193,164	-	1,079,773
Planning and Zoning	61,816	-	-	-
Public Works	43,909	-	-	-
Health and Welfare	82,829	-	-	-
Recreation and Cultural	-	-	1,071,029	-
Other	335,913	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Capital Outlay	-	-	-	161,572
Total Expenditures	<u>1,443,001</u>	<u>2,193,164</u>	<u>1,071,029</u>	<u>1,241,345</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>660,008</u>	<u>78,342</u>	<u>58,755</u>	<u>(73,785)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	-	-	-	-
Transfers Out	<u>(1,370,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,370,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(709,992)	78,342	58,755	(73,785)
Fund Balances - Beginning	<u>2,630,237</u>	<u>588,244</u>	<u>108,285</u>	<u>1,372,871</u>
Fund Balances - Ending	<u>\$ 1,920,245</u>	<u>\$ 666,586</u>	<u>\$ 167,040</u>	<u>\$ 1,299,086</u>

Fire & EMS	Library	Fire/Library Debt	Other Governmental Funds	Total Governmental Funds
\$ 992,815	\$ 925,453	\$ 1,118,567	\$ -	\$ 7,131,278
-	-	-	171,541	191,604
-	37,504	-	11,721	1,334,297
7,479	-	-	13,049	1,162,328
-	19,251	-	-	43,898
-	-	-	279,617	279,617
1,798	10,630	253	7,314	48,664
24,604	24,433	26	5,289	131,517
<u>1,026,696</u>	<u>1,017,271</u>	<u>1,118,846</u>	<u>488,531</u>	<u>10,323,203</u>
-	-	-	95,900	1,014,434
1,113,131	-	-	227,430	4,613,498
-	-	-	-	61,816
-	-	-	17,968	61,877
-	-	-	-	82,829
-	984,634	-	-	2,055,663
-	-	-	247,716	583,629
-	-	1,015,000	-	1,015,000
-	-	64,462	-	64,462
-	50,588	-	59,673	271,833
<u>1,113,131</u>	<u>1,035,222</u>	<u>1,079,462</u>	<u>648,687</u>	<u>9,825,041</u>
<u>(86,435)</u>	<u>(17,951)</u>	<u>39,384</u>	<u>(160,156)</u>	<u>498,162</u>
-	-	-	1,370,000	1,370,000
-	-	-	-	(1,370,000)
-	-	-	<u>1,370,000</u>	-
(86,435)	(17,951)	39,384	1,209,844	498,162
<u>636,395</u>	<u>1,467,131</u>	<u>3,235</u>	<u>1,509,850</u>	<u>8,316,248</u>
<u>\$ 549,960</u>	<u>\$ 1,449,180</u>	<u>\$ 42,619</u>	<u>\$ 2,719,694</u>	<u>\$ 8,814,410</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, 2013

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

Net change in fund balances - total governmental funds	\$	498,162
--	----	---------

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	271,833
Capital Outlay - Departmental	26,702
Depreciation Expense	(675,990)

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

Principal Repayments	1,015,000
Decrease in Compensated Absences	5,824

Change in Net Other Postemployment Benefit Liability		<u>(4,226)</u>
--	--	----------------

Change in net position in governmental activities	\$	<u><u>1,137,305</u></u>
---	----	-------------------------

CHARTER TOWNSHIP OF OXFORD
Statement of Net Position
Proprietary Funds
December 31, 2013

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 3,151,395	\$ 1,702,742	\$ 4,854,137
Accounts Receivable	474,590	-	474,590
Due from Other Units	89,471	-	89,471
Total Current Assets	3,715,456	1,702,742	5,418,198
Advance to Other Fund	126,555	-	126,555
Fixed Assets:			
Land	-	428,533	428,533
Water Mains	-	16,566,611	16,566,611
Sewer Mains	7,810,332	-	7,810,332
Accumulated Depreciation	(5,455,961)	(2,949,665)	(8,405,626)
Net Fixed Assets	2,354,371	14,045,479	16,399,850
Total Assets	\$ 6,196,382	\$ 15,748,221	\$ 21,944,603
<u>LIABILITIES AND NET POSITION</u>			
Current Liabilities:			
Accounts Payable	\$ 440,907	\$ -	\$ 440,907
Bonds Payable	31,681	345,000	376,681
Total Current Liabilities	472,588	345,000	817,588
Noncurrent Liabilities:			
Bonds Payable	695,533	8,345,000	9,040,533
Net Position:			
Net Investment in Capital Assets	1,627,157	5,355,479	6,982,636
Unrestricted	3,401,104	1,702,742	5,103,846
Total Net Position	5,028,261	7,058,221	12,086,482
Total Liabilities and Net Position	\$ 6,196,382	\$ 15,748,221	\$ 21,944,603

CHARTER TOWNSHIP OF OXFORD
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2013

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ 1,102,382	\$ 1,290	\$ 1,103,672
Operating Expenses:			
Operations & Maintenance	1,804,201	77,777	1,881,978
Depreciation Expense	195,258	336,377	531,635
Total Operating Expenses	<u>1,999,459</u>	<u>414,154</u>	<u>2,413,613</u>
Operating Income (Loss)	<u>(897,077)</u>	<u>(412,864)</u>	<u>(1,309,941)</u>
Nonoperating Revenues (Expenses):			
Debt Surcharge	-	566,651	566,651
Interest Income	33,515	12,848	46,363
Interest Expense	<u>(18,660)</u>	<u>(387,007)</u>	<u>(405,667)</u>
Total Nonoperating Revenues (Expenses)	<u>14,855</u>	<u>192,492</u>	<u>207,347</u>
Income (Loss) Before Contributions	(882,222)	(220,372)	(1,102,594)
Capital Contributions	<u>179,034</u>	<u>379,605</u>	<u>558,639</u>
Net Income (Loss)	(703,188)	159,233	(543,955)
Net Position - January 1	<u>5,731,449</u>	<u>6,898,988</u>	<u>12,630,437</u>
Net Position - December 31	<u>\$ 5,028,261</u>	<u>\$ 7,058,221</u>	<u>\$ 12,086,482</u>

CHARTER TOWNSHIP OF OXFORD
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 893,610	\$ 1,290	\$ 894,900
Payments to suppliers	(1,746,220)	(77,999)	(1,824,219)
Net Cash Provided (Used) by Operating Activities	(852,610)	(76,709)	(929,319)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Capital Contributions	179,034	379,605	558,639
Debt Surcharge	-	566,651	566,651
Principal Paid on Debt	(30,834)	(330,000)	(360,834)
Interest Paid on Debt	(18,660)	(387,007)	(405,667)
Net Cash Provided (Used) by Capital and Related Financing Activities	129,540	229,249	358,789
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest Earned	33,515	12,848	46,363
Net Increase (Decrease) in Cash and Cash Equivalents	(689,555)	165,388	(524,167)
Cash and Cash Equivalents, Beginning	3,840,950	1,537,354	5,378,304
Cash and Cash Equivalents, Ending	\$ 3,151,395	\$ 1,702,742	\$ 4,854,137
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$ (897,077)	\$ (412,864)	\$ (1,309,941)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	195,258	336,377	531,635
(Increase) Decrease in Accounts Receivable	(205,113)	-	(205,113)
(Increase) Decrease in Due from Other Units	(32,998)	-	(32,998)
(Increase) Decrease in Advance to Other Fund	29,339	-	29,339
Increase (Decrease) in Accounts Payable	57,981	(222)	57,759
Net Cash Provided (Used) by Operating Activities	\$ (852,610)	\$ (76,709)	\$ (929,319)

CHARTER TOWNSHIP OF OXFORD
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2013

	Agency Funds	
	Current Tax Collection	Trust & Agency
<u>ASSETS</u>		
Cash	\$ 2,021,564	\$ 305,092
 <u>LIABILITIES</u>		
Due to Other	2,021,564	305,092
 NET POSITION	\$ -	\$ -

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2013

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. All component units of the Charter Township of Oxford are blended component units and as such, all their financial data has been combined with the data of the primary government in these financial statements. Each component unit has a December 31 year end. The Oxford Public Library 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.

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, 2013, the Charter Township of Oxford provided \$67,357 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, 2013

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, 2013

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 & EMS, Advanced Life Support, and Library Funds are special revenue funds supported by voted operating tax levies. The Fire/Library Debt Service Fund accounts for the debt millage levied and the debt payments made for principal and interest.

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, 2013

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, 2013

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	\$ 119,659	\$ 474,590
Less Allowance for Doubtful Accounts	-	-
Net Realizable Value	<u>\$ 119,659</u>	<u>\$ 474,590</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, 2013

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
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, 2013

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, 2013

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 2013.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2013

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, 2013.

2. Excess of Expenditures Over Appropriations in Budgetary Funds

Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated in the annual budget. During the year ended December 31, 2013, the Township did not incur expenditures in excess of the amount appropriated.

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 following information, as required by the Governmental Accounting Standards Board Statement Number 40, is presented regarding the Township's deposits and investments:

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, 2013, the Township's book balance of its deposits was \$16,026,142. The bank balance was \$16,655,549 which was exposed to custodial credit risk, as follows:

	<u>Bank</u>
	<u>Balance</u>
Insured by F.D.I.C.	\$ 1,024,658
Uninsured and Uncollateralized	<u>15,630,891</u>
Total	<u>\$ 16,655,549</u>

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2013

III. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

A reconciliation of cash to the accompanying financial statements follows:

Statement of Net Position:	
Cash and Cash Equivalents	\$ 13,699,486
Agency Funds	<u>2,326,656</u>
Total	<u>\$ 16,026,142</u>

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Township’s investment policy does not further limit its investment choices.

Interest Rate Risk. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township’s deposits and investments consisted of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Deposits and Investments:		
Savings and Checking Accounts	\$ 7,272,899	Demand
Pooled Investments	\$ 9,354,650	Demand
Certificates of Deposit	\$ 28,000	180 Days

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township’s investment policy does not further limit its investment choices. As of year end, all deposits and investments consist of demand accounts, pooled investments, and certificates of deposit, all of which are not rated.

Concentration of Credit Risk. The Township’s investment policy places no limit on the amount the Township may invest in any one issuer. The Township does not have more than 5% of its total investments in a single issuer.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2013

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not depreciated:				
Land	\$ 1,370,280	\$ -	\$ -	\$ 1,370,280
Capital Assets, being depreciated:				
Building and Land Improvements	12,443,702	-	-	12,443,702
Vehicles	3,153,116	188,274	-	3,341,390
Machinery and Equipment	1,754,407	110,261	-	1,864,668
Infrastructure	615,240	-	-	615,240
	<u>17,966,465</u>	<u>298,535</u>	<u>-</u>	<u>18,265,000</u>
Less: Accumulated Depreciation:				
Building and Land Improvements	(4,059,276)	(301,625)	-	(4,360,901)
Vehicles	(1,856,108)	(263,750)	-	(2,119,858)
Machinery and Equipment	(1,355,821)	(82,915)	-	(1,438,736)
Infrastructure	(133,748)	(27,700)	-	(161,448)
	<u>(7,404,953)</u>	<u>(675,990)</u>	<u>-</u>	<u>(8,080,943)</u>
Governmental Activities Capital Assets, net	<u>\$11,931,792</u>	<u>\$ (377,455)</u>	<u>\$ -</u>	<u>\$11,554,337</u>

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

General Government	\$ 84,225
Public Safety	408,306
Recreation and Cultural	<u>183,459</u>
	<u>\$ 675,990</u>

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2013

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets – Continued

<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 428,533	\$ -	\$ -	\$ 428,533
Capital Assets, being depreciated:				
Infrastructure	24,376,943	-	-	24,376,943
Less: Accumulated Depreciation:				
Infrastructure	<u>(7,873,991)</u>	<u>(531,635)</u>	<u>-</u>	<u>(8,405,626)</u>
Business-type Activities				
Capital Assets, net	<u>\$ 16,931,485</u>	<u>\$ (531,635)</u>	<u>\$ -</u>	<u>\$ 16,399,850</u>

C. Interfund Receivables, Payables and Transfers

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Advanced Life Support Fund	Fire & EMS Fund	<u>\$ 20,210</u>
<u>Advance Receivable</u>	<u>Advance Payable</u>	
Sewer Fund	Parks and Recreation Fund	<u>\$ 126,555</u>
<u>Transfers In</u>	<u>Transfers Out</u>	
Safety Path Fund	General Fund	\$ 385,000
Building & Site Fund	General Fund	985,000
		<u>\$ 1,370,000</u>

Inter Fund A/R and A/P represent un-cleared balances at year end, arising in the normal course of business.

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, 2013

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, 2013:

	<u>Balance</u> <u>Jan 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec 31, 2013</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 3,465,000	\$ -	\$ 1,015,000	\$ 2,450,000	\$ 1,035,000
Compensated Absences	115,122	-	5,824	109,298	-
	<u>\$ 3,580,122</u>	<u>\$ -</u>	<u>\$ 1,020,824</u>	<u>\$ 2,559,298</u>	<u>\$ 1,035,000</u>
Business Activities:					
General Obligation Bonds	\$ 9,020,000	\$ -	\$ 330,000	\$ 8,690,000	\$ 345,000
Interceptor Drain 2010A	606,051	-	25,272	580,779	25,877
Interceptor Drain 2010B	151,997	-	5,562	146,435	5,804
	<u>\$ 9,778,048</u>	<u>\$ -</u>	<u>\$ 360,834</u>	<u>\$ 9,417,214</u>	<u>\$ 376,681</u>

The following is a summary of general obligation debt outstanding of the Township as of December 31, 2013:

	<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	1.50%-2.75%	2016	<u>\$ 2,450,000</u>
Business Activities:				
General Obligation Bonds	1	4.00%-4.50%	2030	\$ 8,690,000
Interceptor Drain Bonds	2	1.15%-5.90%	2031	727,214
				<u>\$ 9,417,214</u>

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2013

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, 2013 are as follows:

Year Ended	Governmental Activities		Business Activities	
	Principal	Interest	Principal	Interest
2014	\$ 1,035,000	\$ 43,962	376,681	395,181
2015	1,060,000	21,687	392,527	380,550
2016	355,000	4,881	408,495	365,256
2017	-	-	429,463	349,798
2018	-	-	450,308	333,046
2019-2023	-	-	2,578,594	1,376,479
2024-2028	-	-	3,230,879	778,103
2029-2031	-	-	1,550,267	103,873
	<u>\$ 2,450,000</u>	<u>\$ 70,530</u>	<u>\$ 9,417,214</u>	<u>\$ 4,082,286</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, 2013, but recognized revenue in the year ending December 31, 2014, 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 2014 \$7,168,911

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2013

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, 2013, is presented below:

<u>Fund Balance</u>	<u>General Fund</u>	<u>Police Contracting</u>	<u>Parks and Recreation</u>	<u>Advanced Life Support</u>	<u>Fire & EMS</u>	<u>Library</u>	<u>Fire/Library Debt</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:									
Prepays	\$ 2,115	\$ -	\$ 8,877	\$ -	\$ 715	\$ -	\$ -	\$ -	\$ 11,707
Restricted for:									
Police	-	666,586	-	-	-	-	-	-	666,586
Parks & Recreation	-	-	158,163	-	-	-	-	-	158,163
Adv. Life Support	-	-	-	1,299,086	-	-	-	-	1,299,086
Fire & EMS	-	-	-	-	549,245	-	-	-	549,245
Library	-	-	-	-	-	1,449,180	-	-	1,449,180
Building Dept.	-	-	-	-	-	-	-	218,715	218,715
Cable Television	-	-	-	-	-	-	-	527,796	527,796
Roads	-	-	-	-	-	-	-	57,155	57,155
Cemetery	-	-	-	-	-	-	-	138,152	138,152
Safety Path	-	-	-	-	-	-	-	490,462	490,462
Telecommunication	-	-	-	-	-	-	-	27,962	27,962
Debt Service	-	-	-	-	-	-	42,619	-	42,619
Total Restricted	-	666,586	158,163	1,299,086	549,245	1,449,180	42,619	1,460,242	5,625,121
Committed for									
Capital Projects	-	-	-	-	-	-	-	1,259,452	1,259,452
Assigned for Future									
Projects	425,000	-	-	-	-	-	-	-	425,000
Unassigned	1,493,130	-	-	-	-	-	-	-	1,493,130
Total Fund Balance	\$ 1,920,245	\$ 666,586	\$ 167,040	\$ 1,299,086	\$ 549,960	\$ 1,449,180	\$ 42,619	\$ 2,719,694	\$ 8,814,410

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 2012 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	.9536	.9500
Police Services	Voter Approved	2.9152	2.9152	2.9152
Library	Voter Approved	1.0000	.6764	.6764
Library	Voter Approved	.8500	.7218	.7218
Parks and Rec.	Voter Approved	.8538	.8538	.8538
Fire/EMS	Voter Approved	1.5000	1.5000	1.5000
ALS	Voter Approved	1.0000	1.0000	1.0000
Library/Fire Debt	Voter Approved	As Needed	-	1.6200

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2013

IV. OTHER INFORMATION

A. Defined Benefit Plan – Fire Department

1. Plan Description

The Township contributes to the Michigan Municipal Employees' Retirement System (MMERS), which is an agent multiple employer retirement system that covers all full time fire and emergency medical employees of the Township. The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, non duty-connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by a certain percentage based on the benefit program in effect as of the date of termination of membership times the final average compensation (FAC). The most recent period for which actuarial data was available was for the actuarial valuation as of December 31, 2013.

MERS was organized pursuant to Section 12a of Act #156, Public Acts of 1851 (MSA 5.333(a); MCLA 46.12(a)), as amended, State of Michigan. MERS is regulated under Act No. 427 of the Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

2. Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the firefighters union contract and the fire department's personnel policy. The Township is required to contribute at an actuarially determined rate, and beginning January 1, 2012, the fire employees must contribute 2.50%; the current rate was a percentage of annual compensation at December 31, 2011 was 16.44%.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2013

IV. OTHER INFORMATION – Continued

A. Defined Benefit Plan – Fire Department – Continued

3. Annual Pension Cost

During the fiscal year ended December 31, 2013, the Township's contributions totaling \$149,148 and \$22,917 of employee contributions were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2011. The employer contribution rate has been determined based on the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for the employee's projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8% and annual salary increases of 4.5% based on an age-related scale to reflect merit, longevity, and promotional salary increases.

Three Year Trend Information

Year Ended <u>Dec. 31</u>	Valuation Date <u>Dec. 31</u>	Annual Pension Cost (APC) <u>Cost (APC)</u>	Percentage of APC Contributed <u>Contributed</u>	Net Pension Obligation <u>Obligation</u>
2011	2009	\$130,513	100%	\$ -0-
2012	2010	149,587	100%	-0-
2013	2011	149,148	100%	-0-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
12/31/05	2,646,753	3,438,419	791,666	77 %	235,226	337 %
12/31/06	2,629,865	3,577,449	947,584	74	545,323	174
12/31/07	2,777,484	3,546,666	769,182	78	770,031	100
12/31/08	2,788,012	3,690,650	902,638	76	922,416	98
12/31/09	2,782,000	3,762,875	980,875	74	988,040	99
12/31/10	2,790,499	3,764,496	973,997	74	851,839	114
12/31/11	2,798,987	3,949,057	1,150,070	71	887,100	130
12/31/12	2,799,163	4,124,324	1,325,161	68	945,091	140
12/31/13	2,889,249	4,303,339	1,414,090	67	917,312	154

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2013

IV. OTHER INFORMATION – Continued

A. Defined Benefit Plan – Fire Department – Continued

3. Annual Pension Cost - Continued

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2013, the latest actual valuation, follows:

Actuarial cost method	Entry age normal cost
Amortization method	Level percent
Remaining amortization period	27 years
Asset valuation method	10-year smoothed market
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases Includes inflation at 4.5%	4.50-12.90%
Cost of living adjustments	None

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2013

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</u>	<u>Parks and Recreation</u>	<u>Library</u>
Plan Administrator	John Hancock	John Hancock	Various
Vesting	Immediate	Immediate	Immediate
Contribution Base	Base Compensation	Base Compensation	Base Compensation
Employer Contribution Rate	10-15%	15%	Discretionary
Employee Voluntary Contribution Rate	Up to 10%	Up to 10%	N/A
Numbered Participants	9	6	12
Employer Contribution	\$52,356	\$33,474	\$17,316
Employee Contribution	\$4,946	\$-0-	N/A

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2013

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 2013, this amounted to \$38,803.

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, 2013, 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	113
Less adjustment to the annual required contribution	-
Annual OPEB Cost	43,029
 Amounts Contributed:	
Payments of current premiums	(38,803)
Advance funding	-
Increase(Decrease) in net OPEB obligation	4,226
OPEB obligation - Beginning of Year	63,922
OPEB obligation - End of Year	\$ 68,148

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, 2013

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>	Actuarial <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>
12/31/2011	1/1/2009	\$ 95,731	55%	\$ 62,506
12/31/2012	1/1/2012	\$ 43,029	97%	\$ 63,922
12/31/2013	1/1/2012	\$ 43,029	90%	\$ 68,148

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.

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.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2013

IV. OTHER INFORMATION – Continued

E. Contingent Liabilities

1. Property Tax Appeals

The Township has various property tax assessment appeals pending. The Township attorney is unable to determine the probable results and therefore no adjustments have been reflected in the financial statements.

2. Debt Service

In 2005, the Township issued general obligation bonds through Oakland County in the amount of \$10,700,000 for water system improvements. A significant source of repayment of the bonds was expected to be generated from collection of capital charges and tap fee revenues commencing in fiscal year 2006 and continuing through fiscal year 2034. The Township does not expect revenues used in the repayment plan to occur in the short or near term, which raised some doubt about the Township's ability to meet future debt payments after approximately fiscal year 2016. The Township is currently developing a plan to mitigate any shortfalls in debt service payments.

F. Upcoming Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) issued two new pronouncements in June 2012, GASB Statement No. 67, *Financial Reporting for Pension Plans*, which amends GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, and GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans*, which amends GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers* and GASB Statement No. 50, *Pension Disclosures*. These statements establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and measuring and recognizing liabilities and expenses. GASB No. 68 will require employers with defined benefit pension plans to recognize their unfunded pension benefit obligation as a liability on the government-wide and proprietary financial statements. These new standards will result in additional disclosures and required supplemental information, and will be effective beginning with the Township's fiscal year ending December 31, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF OXFORD
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 639,100	\$ 640,648	\$ 637,180	\$ (3,468)
Licenses and Permits	13,250	20,953	20,063	(890)
Intergovernmental - Federal/CDBG	25,000	25,000	4,816	(20,184)
Intergovernmental - State	1,258,400	1,258,400	1,271,728	13,328
Charges for Services	114,161	162,934	146,928	(16,006)
Interest	4,650	19,708	19,376	(332)
Other	1,650	3,607	2,918	(689)
Total Revenues	<u>2,056,211</u>	<u>2,131,250</u>	<u>2,103,009</u>	<u>(28,241)</u>
Expenditures:				
General Government:				
Township Board	33,100	34,174	31,268	2,906
Township Supervisor	117,974	116,424	115,218	1,206
Elections	16,300	11,240	2,740	8,500
Assessor	180,060	175,060	143,341	31,719
Professional Fees	52,400	42,400	19,951	22,449
Township Clerk	148,254	139,001	138,879	122
Board of Review	5,030	3,768	3,008	760
Township Treasurer	128,022	123,689	119,063	4,626
Township Hall Building	59,925	78,196	53,011	25,185
Veterans Building	71,850	78,158	54,179	23,979
Cemetery	73,250	76,617	69,192	7,425
Other	185,200	214,783	168,684	46,099
Total General Government	<u>1,071,365</u>	<u>1,093,510</u>	<u>918,534</u>	<u>174,976</u>
Planning and Zoning:				
Planning Commission	99,110	95,139	58,109	37,030
Board of Appeals	11,050	6,001	3,707	2,294
Total Planning and Zoning	<u>110,160</u>	<u>101,140</u>	<u>61,816</u>	<u>39,324</u>
Public Works:				
Highways and Streets	18,200	18,200	17,437	763
Street Lighting	12,000	12,000	11,816	184
Engineering	34,500	284,500	14,656	269,844
Total Public Works	<u>64,700</u>	<u>314,700</u>	<u>43,909</u>	<u>270,791</u>
Health and Welfare:				
Citizen Programs/CDBG	25,000	25,000	4,816	20,184
Social Services	10,656	10,656	10,656	-
NOTA	86,425	88,333	67,357	20,976
Total Health and Welfare	<u>122,081</u>	<u>123,989</u>	<u>82,829</u>	<u>41,160</u>
Other Functions:				
Fringe Benefits	311,315	351,542	317,363	34,179
Insurance and Bonds	8,650	10,650	8,712	1,938
Contributions	10,000	10,000	9,838	162
Contingencies	357,940	375,719	-	375,719
Total Other Functions	<u>687,905</u>	<u>747,911</u>	<u>335,913</u>	<u>411,998</u>
Total Expenditures	<u>2,056,211</u>	<u>2,381,250</u>	<u>1,443,001</u>	<u>938,249</u>

(continued)

CHARTER TOWNSHIP OF OXFORD
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ (250,000)	\$ 660,008	\$ 910,008
Other Financing Uses:				
Operating Transfers Out	<u>-</u>	<u>(1,370,000)</u>	<u>(1,370,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (1,620,000)</u>	(709,992)	<u>\$ 910,008</u>
Fund Balance - January 1			<u>2,630,237</u>	
Fund Balance - December 31			<u>\$ 1,920,245</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 1,631,000	\$ 2,231,693	\$ 2,230,693	\$ (1,000)
Intergovernmental-State	-	8,528	8,528	-
Charges for Services	3,650	9,210	4,382	(4,828)
Fines and Forfeitures	31,700	24,334	24,647	313
Interest	<u>3,330</u>	<u>3,330</u>	<u>3,256</u>	<u>(74)</u>
Total Revenues	<u>1,669,680</u>	<u>2,277,095</u>	<u>2,271,506</u>	<u>(5,589)</u>
Expenditures:				
Public Safety	<u>1,941,523</u>	<u>2,277,095</u>	<u>2,193,164</u>	<u>83,931</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ (271,843)</u>	<u>\$ -</u>	78,342	<u>\$ 78,342</u>
Fund Balance - January 1			<u>588,244</u>	
Fund Balance - December 31			<u>\$ 666,586</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 570,000	\$ 570,000	\$ 564,903	\$ (5,097)
Charges for Services	494,350	494,350	514,077	19,727
Interest	-	-	2,762	2,762
Other	100	100	48,042	47,942
Total Revenues	<u>1,064,450</u>	<u>1,064,450</u>	<u>1,129,784</u>	<u>65,334</u>
Expenditures:				
Recreation	<u>1,071,037</u>	<u>1,071,037</u>	<u>1,071,029</u>	<u>8</u>
Total Expenditures	<u>1,071,037</u>	<u>1,071,037</u>	<u>1,071,029</u>	<u>8</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ (6,587)</u>	<u>\$ (6,587)</u>	58,755	<u>\$ 65,342</u>
Fund Balance - January 1			<u>108,285</u>	
Fund Balance - December 31			<u>\$ 167,040</u>	

CHARTER TOWNSHIP OF OXFORD
Advanced Life Support Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 668,821	\$ 669,071	\$ 661,667	\$ (7,404)
Charges for Services	450,000	450,000	476,413	26,413
Interest	3,000	3,000	3,275	275
Other	-	22,960	26,205	3,245
Total Revenues	<u>1,121,821</u>	<u>1,145,031</u>	<u>1,167,560</u>	<u>22,529</u>
Expenditures:				
Public Safety:				
Advance Life Support	1,095,039	1,125,092	1,079,773	45,319
Capital Outlay	35,000	161,572	161,572	-
Total Expenditures	<u>1,130,039</u>	<u>1,286,664</u>	<u>1,241,345</u>	<u>45,319</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ (8,218)</u>	<u>\$ (141,633)</u>	(73,785)	<u>\$ 67,848</u>
Fund Balance - January 1			<u>1,372,871</u>	
Fund Balance - December 31			<u>\$ 1,299,086</u>	

CHARTER TOWNSHIP OF OXFORD
Fire & EMS Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 969,450	\$ 992,815	\$ 992,815	\$ -
Grants	-	-	-	-
Charges for Services	600	3,325	7,479	4,154
Interest	1,500	1,500	1,798	298
Other	-	10,694	24,604	13,910
Total Revenues	<u>971,550</u>	<u>1,008,334</u>	<u>1,026,696</u>	<u>18,362</u>
Expenditures:				
Public Safety:				
Fire Contract	805,836	813,651	729,168	84,483
EMS	353,903	353,903	345,522	8,381
Equipment	-	41,000	38,441	2,559
Total Expenditures	<u>1,159,739</u>	<u>1,208,554</u>	<u>1,113,131</u>	<u>95,423</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ (188,189)</u>	<u>\$ (200,220)</u>	(86,435)	<u>\$ 113,785</u>
Fund Balance - January 1			<u>636,395</u>	
Fund Balance - December 31			<u>\$ 549,960</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 920,500	\$ 925,431	\$ 925,453	\$ 22
Intergovernmental-State	9,000	10,244	10,244	-
Intergovernmental-Local	25,000	27,260	27,260	-
Fines	20,000	17,000	19,251	2,251
Interest	5,046	5,840	10,630	4,790
Other	10,000	22,700	24,433	1,733
Total Revenues	<u>989,546</u>	<u>1,008,475</u>	<u>1,017,271</u>	<u>8,796</u>
Expenditures:				
Operating	1,039,689	1,024,785	984,634	40,151
Capital Outlay	100	60,000	50,588	9,412
Total Expenditures	<u>1,039,789</u>	<u>1,084,785</u>	<u>1,035,222</u>	<u>49,563</u>
Net Change in Fund Balance	<u>\$ (50,243)</u>	<u>\$ (76,310)</u>	(17,951)	<u>\$ 58,359</u>
Fund Balance - January 1			<u>1,467,131</u>	
Fund Balance - December 31			<u>\$ 1,449,180</u>	

OTHER SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF OXFORD
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

	<u>Special Revenue</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	\$ 1,349,019	\$ 1,259,452	\$ 28,000	\$ 2,636,471
Accounts Receivable	<u>101,147</u>	<u>-</u>	<u>-</u>	<u>101,147</u>
Total Assets	<u>\$ 1,450,166</u>	<u>\$ 1,259,452</u>	<u>\$ 28,000</u>	<u>\$ 2,737,618</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accrued Liabilities	<u>\$ 17,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,924</u>
Fund Balance:				
Restricted	1,432,242	-	28,000	1,460,242
Committed for Capital Projects	<u>-</u>	<u>1,259,452</u>	<u>-</u>	<u>1,259,452</u>
Total Fund Balance	<u>1,432,242</u>	<u>1,259,452</u>	<u>28,000</u>	<u>2,719,694</u>
Total Liabilities and Fund Balance	<u>\$ 1,450,166</u>	<u>\$ 1,259,452</u>	<u>\$ 28,000</u>	<u>\$ 2,737,618</u>

CHARTER TOWNSHIP OF OXFORD
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

	Special Revenue	Capital Projects- Building & Site	Permanent Fund- Cemetery	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Licenses and Permits	\$ 171,541	\$ -	\$ -	\$ 171,541
Intergovernmental	11,721	-	-	11,721
Charges for Services	13,049	-	-	13,049
Franchise Fees	279,617	-	-	279,617
Interest	4,214	2,748	352	7,314
Other	5,289	-	-	5,289
Total Revenues	<u>485,431</u>	<u>2,748</u>	<u>352</u>	<u>488,531</u>
<u>Expenditures:</u>				
General Government	89,649	5,899	352	95,900
Public Safety	227,430	-	-	227,430
Public Works	17,968	-	-	17,968
Other	247,716	-	-	247,716
Capital Outlay	59,673	-	-	59,673
Total Expenditures	<u>642,436</u>	<u>5,899</u>	<u>352</u>	<u>648,687</u>
Excess (Deficiency) of Revenues Over Expenditures	(157,005)	(3,151)	-	(160,156)
Other Financing Sources:				
Operating Transfers In	<u>385,000</u>	<u>985,000</u>	<u>-</u>	<u>1,370,000</u>
Net Change in Fund Balances	227,995	981,849	-	1,209,844
Fund Balances - January 1	<u>1,204,247</u>	<u>277,603</u>	<u>28,000</u>	<u>1,509,850</u>
Fund Balances - December 31	<u>\$ 1,432,242</u>	<u>\$ 1,259,452</u>	<u>\$ 28,000</u>	<u>\$ 2,719,694</u>

CHARTER TOWNSHIP OF OXFORD
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2013

<u>ASSETS</u>	<u>Building</u>	<u>Fire</u>	<u>Cable Television</u>	<u>Road</u>
Cash	\$ 236,577	\$ -	\$ 426,711	\$ 57,155
Accounts Receivable	<u>62</u>	<u>-</u>	<u>101,085</u>	<u>-</u>
Total Assets	<u>\$ 236,639</u>	<u>\$ -</u>	<u>\$ 527,796</u>	<u>\$ 57,155</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accrued Liabilities	\$ 17,924	\$ -	\$ -	\$ -
Fund Balance:				
Restricted	<u>218,715</u>	<u>-</u>	<u>527,796</u>	<u>57,155</u>
Total Liabilities and Fund Balance	<u>\$ 236,639</u>	<u>\$ -</u>	<u>\$ 527,796</u>	<u>\$ 57,155</u>

<u>Cemetery Maintenance</u>	<u>Safety Path</u>	<u>Telecom- munication</u>	<u>Total</u>
\$ 110,152	\$ 490,462	\$ 27,962	\$ 1,349,019
<u>-</u>	<u>-</u>	<u>-</u>	<u>101,147</u>
<u>\$ 110,152</u>	<u>\$ 490,462</u>	<u>\$ 27,962</u>	<u>\$ 1,450,166</u>

\$ - \$ - \$ - \$ 17,924

<u>110,152</u>	<u>490,462</u>	<u>27,962</u>	<u>1,432,242</u>
<u>\$ 110,152</u>	<u>\$ 490,462</u>	<u>\$ 27,962</u>	<u>\$ 1,450,166</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, 2013

	<u>Building</u>	<u>Fire</u>	<u>Cable Television</u>	<u>Road</u>
Revenues:				
Licenses and Permits	\$ 171,541	\$ -	\$ -	\$ -
Intergovernmental - State	-	-	-	-
Charges for Services	13,049	-	-	-
Franchise Fees	-	-	279,617	-
Interest	107	-	3,603	40
Other	-	-	3,999	-
Total Revenues	<u>184,697</u>	<u>-</u>	<u>287,219</u>	<u>40</u>
Expenditures:				
Current:				
General Government	-	-	-	-
Public Safety	95,318	4,728	-	-
Public Works	-	-	-	17,968
Other	-	-	247,716	-
Capital Outlay	-	-	59,673	-
Total Expenditures	<u>95,318</u>	<u>4,728</u>	<u>307,389</u>	<u>17,968</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>89,379</u>	<u>(4,728)</u>	<u>(20,170)</u>	<u>(17,928)</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	89,379	(4,728)	(20,170)	(17,928)
Fund Balance - January 1	<u>129,336</u>	<u>4,728</u>	<u>547,966</u>	<u>75,083</u>
Fund Balance - December 31	<u>\$ 218,715</u>	<u>\$ -</u>	<u>\$ 527,796</u>	<u>\$ 57,155</u>

<u>Cemetery Maintenance</u>	<u>Safety Path</u>	<u>Telecom- munication</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 171,541
-	-	11,721	11,721
-	-	-	13,049
-	-	-	279,617
161	289	14	4,214
1,140	150	-	5,289
<u>1,301</u>	<u>439</u>	<u>11,735</u>	<u>485,431</u>
88,221	-	1,428	89,649
-	127,384	-	227,430
-	-	-	17,968
-	-	-	247,716
-	-	-	59,673
<u>88,221</u>	<u>127,384</u>	<u>1,428</u>	<u>642,436</u>
<u>(86,920)</u>	<u>(126,945)</u>	<u>10,307</u>	<u>(157,005)</u>
<u>-</u>	<u>385,000</u>	<u>-</u>	<u>385,000</u>
(86,920)	258,055	10,307	227,995
<u>197,072</u>	<u>232,407</u>	<u>17,655</u>	<u>1,204,247</u>
<u>\$ 110,152</u>	<u>\$ 490,462</u>	<u>\$ 27,962</u>	<u>\$ 1,432,242</u>

PSLZ LLP

Certified Public Accountants

PLYMOUTH

1034 WEST ANN ARBOR TRAIL
P.O. BOX 5520
PLYMOUTH, MI 48170-1502
Telephone (734) 453-8770

Dennis M. Siegner, C.P.A., C.V.A.
David R. Williamson, C.P.A.
Jane F. Wang, C.P.A.
Rana M. Emmons, C.P.A.
Jennifer A. Galofaro, C.P.A., C.V.A.
Susan H. Bertram, C.P.A.

BLOOMFIELD HILLS

3707 WEST MAPLE ROAD
SUITE 101
BLOOMFIELD HILLS, MI 48301-3212
Telephone (248) 644-9125

Deborah M. Cox, C.P.A.

June 27, 2014

Board of Trustees
Charter Township of Oxford
Oakland County, Michigan

In planning and performing our audit of the financial statements of the Charter Township of Oxford as of and for the year ended December 31, 2013 in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and/or material weaknesses.

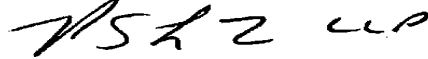
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Township's internal control to be material weaknesses:

The Township relies on its auditors to prepare the annual financial statements. While this is common in smaller local units of government, we are required to communicate this to you as part of recently issued auditing standards. The Township's administrative officials did review the financial statements prior to their release.

Board of Trustees
Charter Township of Oxford
June 27, 2014
Page 2

This communication is intended solely for the information and use of management and the Board of Trustees of the Charter Township of Oxford and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "PSLZ LLP". The signature is stylized and cursive.

PSLZ LLP
Certified Public Accountants

PSLZ LLP

Certified Public Accountants

PLYMOUTH

1034 WEST ANN ARBOR TRAIL
P.O. BOX 5520
PLYMOUTH, MI 48170-1502
Telephone (734) 453-8770

Dennis M. Siegner, C.P.A., C.V.A.
David R. Williamson, C.P.A.
Jane F. Wang, C.P.A.
Rana M. Emmons, C.P.A.
Jennifer A. Galofaro, C.P.A., C.V.A.
Susan H. Bertram, C.P.A.

BLOOMFIELD HILLS

3707 WEST MAPLE ROAD
SUITE 101
BLOOMFIELD HILLS, MI 48301-3212
Telephone (248) 644-9125

Deborah M. Cox, C.P.A.

June 27, 2014

To the Board of Trustees
Charter Township of Oxford
Oxford, Michigan

We have audited the financial statements of the Charter Township of Oxford for the year ended December 31, 2013, and have issued our report thereon dated June 27, 2014. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 1, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Charter Township of Oxford. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on April 1, 2014.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Charter Township of Oxford are described in Note I to the financial statements. During fiscal year 2013, the Township implemented GASB Statement No. 65, which reclassifies as deferred inflows and outflows of resources certain items that were previously reported as assets and liabilities. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the assumptions used by the actuary and by the Township for the alternative method for the other postemployment benefits asset calculation and the estimates of the allowance for doubtful accounts for property tax collections, which are based on historical collection statistics.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements related to those estimates discussed in the section above.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. All known misstatements were corrected during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 27, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Trustees and management of the Charter Township of Oxford and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "PSLZ LLP". The signature is stylized and cursive.

PSLZ LLP
Certified Public Accountants