

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

AUDITED FINANCIAL REPORT

**For the Fiscal Year Ended
December 31, 2015**

CHARTER TOWNSHIP OF OXFORD
For the Year Ended December 31, 2015

Table of Contents

INTRODUCTORY SECTION

Table of Contents

FINANCIAL SECTION

Page

Independent Auditor's Report.....	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	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	22-45

CHARTER TOWNSHIP OF OXFORD
For the Year Ended December 31, 2015

Table of Contents

	<u>Page</u>
Required Supplementary Information:	
Schedule of Changes in the Net Pension Liability and Related Ratios.....	46
Schedule of Township Pension Contributions.....	47
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	48-49
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Police Contracting Special Revenue Fund	50
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Parks and Recreation Special Revenue Fund.....	51
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Advanced Life Support Special Revenue Fund.....	52
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Fire & EMS Special Revenue Fund	53
Statement of Revenues, Expenditures and Changes in Fund Balance – Library Special Revenue Fund.....	54
Other Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds.....	56
Combining Balance Sheet – Nonmajor Special Revenue Funds	57-58
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Special Revenue Funds.....	59-60
Balance Sheet – Component Unit	61
Statement of Revenues, Expenditures and Changes in Fund Balance – Component Unit.....	62

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.
Robert J. Sheu, C.P.A.

Independent Auditor's Report

April 28, 2016

To the Board of Trustees
Charter Township of Oxford, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Oxford, Michigan, as of and for the year ended December 31, 2015, which collectively comprise the Township's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Oxford as of December 31, 2015, 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.

Emphasis of Matter

As discussed in the footnotes to the basic financial statements, in fiscal year 2015, the Township adopted the new accounting guidance of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result of implementing this pronouncement, the Township's net pension liability has been recognized on the government-wide statements, and as discussed in the notes, the 2014 financial statements have been restated. Our opinion is not modified with respect to this matter.

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, 2015.

Financial Highlights

- The assets of Charter Township of Oxford exceeded its liabilities at the close of the most recent fiscal year by \$31,349,526 (*net position*). Of this amount, \$5,764,039 (*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 \$6,910,709, a decrease of \$1,080,821 in comparison with the prior year. Approximately 34 percent of this amount, \$2,345,709 is *available for spending* at the government's discretion (*unrestricted fund balance*).
- Charter Township of Oxford's total long-term debt decreased by \$1,587,703 during the current fiscal year, which reflects annual debt service payments made during the current year. During 2015, the Township paid the Oakland-Macomb Interceptor Bonds, Series 2015, in full from the Sewer Enterprise Fund in the amount of \$483,680.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

Charter Township of Oxford maintains 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Police Contracting Fund, Parks and Recreation Fund, Fire Fund, 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 55-60 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 \$31,349,526 at the close of the most recent fiscal year.

A significant portion of Charter Township of Oxford's net position (68 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	
	Restated		2015	2014	2015	Restated
	2015	2014				
Current and Other Assets	\$ 15,418,642	\$ 15,684,189	\$ 5,492,066	\$ 5,465,802	\$ 20,910,708	\$ 21,149,991
Capital Assets	13,537,763	12,547,772	17,921,850	17,965,579	31,459,613	30,513,351
Total Assets	<u>28,956,405</u>	<u>28,231,961</u>	<u>23,413,916</u>	<u>23,431,381</u>	<u>52,370,321</u>	<u>51,663,342</u>
Deferred Outflows	198,762	181,601	-	-	198,762	181,601
Long-term Liabilities						
Outstanding	2,258,945	3,214,927	9,934,102	10,464,684	12,193,047	13,679,611
Other Liabilities	557,152	896,116	302,952	229,366	860,104	1,125,482
Total Liabilities	<u>2,816,097</u>	<u>4,111,043</u>	<u>10,237,054</u>	<u>10,694,050</u>	<u>13,053,151</u>	<u>14,805,093</u>
Deferred Inflows	7,950,781	6,796,543	215,625	230,000	8,166,406	7,026,543
Net Position:						
Net Investment in						
Capital Assets	13,182,763	11,132,772	7,987,748	7,500,895	21,170,511	18,633,667
Restricted	4,414,976	5,810,230	-	-	4,414,976	5,810,230
Unrestricted	790,550	562,974	4,973,489	5,006,435	5,764,039	5,569,409
Total Net Position	<u>\$ 18,388,289</u>	<u>\$ 17,505,976</u>	<u>\$ 12,961,237</u>	<u>\$ 12,507,330</u>	<u>\$ 31,349,526</u>	<u>\$ 30,013,306</u>

An additional portion of Charter Township of Oxford's net position (14 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$5,764,039) 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 \$882,313 during the current fiscal year, as presented:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program Revenues:						
Charges for Services	\$ 1,939,725	\$ 1,781,364	\$ 2,478,095	\$ 2,429,624	\$ 4,417,820	\$ 4,210,988
Operating Grants & Contributions	43,705	44,992	-	-	43,705	44,992
Capital Grants & Contributions	551	247,917	844,089	732,560	844,640	980,477
General Revenues:						
Property Taxes	6,803,419	7,182,199	-	-	6,803,419	7,182,199
State Shared Revenues	1,340,514	1,318,011	-	-	1,340,514	1,318,011
Investment Earnings	52,431	88,468	57,780	76,023	110,211	164,491
Gain on Sale of Assets	236,162	-	-	-	236,162	-
Other	368,203	363,241	-	-	368,203	363,241
Total Revenues	10,784,710	11,026,192	3,379,964	3,238,207	14,164,674	14,264,399
Program Expenses:						
General Government	1,910,807	1,850,966	-	-	1,910,807	1,850,966
Public Safety	5,453,005	5,264,021	-	-	5,453,005	5,264,021
Planning and Zoning	64,465	56,482	-	-	64,465	56,482
Public Works	82,306	226,520	-	-	82,306	226,520
Recreation and Cultural	2,275,296	2,290,902	-	-	2,275,296	2,290,902
Other	93,337	103,290	-	-	93,337	103,290
Interest on Long-Term Debt	23,181	44,812	-	-	23,181	44,812
Water and Sewer	-	-	2,926,057	2,817,359	2,926,057	2,817,359
Total Expenses	9,902,397	9,836,993	2,926,057	2,817,359	12,828,454	12,654,352
Change in Net Position	882,313	1,189,199	453,907	420,848	1,336,220	1,610,047
Net Position, Beg. of year	17,505,976	17,741,301	12,507,330	12,086,482	30,013,306	29,827,783
Impact of GASB Stmt No. 68	-	(1,424,524)	-	-	-	(1,424,524)
Net Position, End of year	\$ 18,388,289	\$ 17,505,976	\$ 12,961,237	\$ 12,507,330	\$ 31,349,526	\$ 30,013,306

The Township implemented GASB Statement No. 68 in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive application of this change; however, the ending net position for that year was adjusted to properly state the fiscal year 2015 beginning net position.

Business-type activities. Business-type activities increased Charter Township of Oxford's net position by \$453,907, as compared to a \$420,848 increase in the prior year. The sewer fund operating loss was \$319,275 in 2015 as compared to an operating loss of \$176,382 in 2014. Also, water and sewer tap fee revenues increased \$111,529 over the prior year as a result of increased development activity within the Township.

Financial Analysis of the Government's Funds

Governmental funds. The focus of Charter Township of Oxford's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Charter Township of Oxford's financing requirements. In particular, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, Charter Township of Oxford's governmental funds reported combined ending fund balances of \$6,910,709, a decrease of \$1,080,821 in comparison with the prior year. The *unrestricted fund balance*, which is the amount available for spending at the government's discretion, represents 34% of the total fund balance. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed to uphold contracts or bond agreements.

The general fund is the chief operating fund of the Charter Township of Oxford. At the end of the current fiscal year, unrestricted fund balance was \$2,047,643. The fund balance of Charter Township of Oxford's general fund increased by \$120,464 during the current fiscal year, in comparison to a \$8,899 increase in the prior year. General Fund operating revenues increased \$70,366 and operating expenditures increased \$29,415 over the prior year due to a \$50,506 in Tri-Party road gravel projects and a decrease of \$31,811 in operating costs for the Veterans Building which was sold in August 2015. The General Fund also transferred a total of \$410,000 to other funds to accomplish projects within the Township such as the safety path projects (\$125,000) and the Township hall meeting room and sheriff substation improvements (\$285,000).

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 \$4,973,489 at the end of the year, which is a \$32,946 decrease in unrestricted net position. Other factors concerning the finances of this fund have already been addressed in the discussion of Charter Township of Oxford's business-type activities.

General Fund Budgetary Highlights

The differences between the beginning and final budgets represent an increase in budgeted revenues of \$83,068, which includes increases in property tax revenues (\$15,710), state shared revenue (\$13,245) and insurance claim reimbursements (\$13,090). Budgeted expenditures were increased \$201,932, including an increase of \$83,068 for the Township hall building and maintenance due to the addition of the new meeting room and the addition of the sheriff's substation, and an increase of \$80,100 for Elkview engineering costs. Operating transfers out were increased \$410,000 for Township Board approved projects of \$285,000 for the Township hall meeting room and sheriff substation addition and \$125,000 for safety path projects.

Capital assets. Charter Township of Oxford's investment in capital assets for its governmental and business type activities as of December 31, 2015, amounts to \$31,459,613 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and the water and sewer systems. The investment in fixed assets increased by \$946,262 due to capital asset additions less annual depreciation expense. Capital asset additions during 2015 included purchase of 2 ambulances and a vehicle for the Fire Department (\$387,587), parks and recreation equipment (\$31,246), cemetery mausoleum roof replacements (\$16,200), library parking lot repaving and building improvements (\$73,025), Seymour Lake/M-24 safety path projects (\$544,039), fire station building improvements (\$669,289), and the Township hall meeting room addition and sheriff substation improvements (\$218,240). The Sewer Fund capital asset additions include the 2015 Oakland-Macomb Interceptor construction totaling \$483,680.

Also, in August 2015, the Township sold the Veteran's Hall building at 28 N. Washington, with proceeds from the sale totaling \$420,713. The proceeds are recorded in the Township's Building and Site Capital Projects Fund, and have been committed by the Township Board, to be used toward the design and acquisition or construction of a new community center. During the year, the Township Water Enterprise Fund also sold land that was not being utilized in the amount of \$60,976.

Long-term debt. At the end of the current fiscal year, Charter Township of Oxford had total bonded debt outstanding of \$10,289,102. 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 Sewer Fund reflects a prepayment for the Oakland-Macomb Interceptor Project Series 2015. The Township's portion was \$483,680.

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

Economic Factors and Next Year's Budgets and Rates

The Township anticipates a slight increase in State shared revenue in 2016 as the economy in the State of Michigan appears to be improving. The Township has been experiencing increased activity in the building department and that appears to be likely to continue through 2016. The Township has adopted a balanced budget in the General Fund for fiscal year 2016, and may have to utilize General Fund fund balance in the upcoming year in settlement of a lawsuit pertaining to a matter involving road drainage in a subdivision.

The Township residents approved a new millage of 3.5 mills for fire protection, emergency medical services, and advanced life support services which was levied on the December 1, 2015 tax bills, and will be reflected in the Township's fiscal year 2016 financial statements. This millage replaces the separate previously levied millages of 1.5 mills for fire protection and emergency medical services, and 1.0 mills for advanced life support services which were levied on December 1, 2014.

Township voters also approved a new millage of 3.9152 mills for police protection and law enforcement services, which was levied on the December 1, 2015 tax bills. This millage replaces the 2.9152 mills levied for police services through December 1, 2014. The new police protection millage will be reflected in the Township's 2016 financial statements.

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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 6,938,848	\$ 4,858,120	\$ 11,796,968	\$ 83,078
Receivables (net of allowance for uncollectibles):				
Accounts	143,399	558,883	702,282	-
Taxes	7,950,781	-	7,950,781	-
Due from Other Units	235,590	75,063	310,653	-
Prepaid Expenditures	150,024	-	150,024	-
Capital Assets (net of Accumulated Depreciation)	13,537,763	17,921,850	31,459,613	40,510
Total Assets	<u>28,956,405</u>	<u>23,413,916</u>	<u>52,370,321</u>	<u>123,588</u>
<u>DEFERRED OUTFLOWS</u>				
Deferred Outflows related to Pensions	198,762	-	198,762	-
<u>LIABILITIES</u>				
Accounts Payable	473,363	368,125	841,488	1,500
Accrued Liabilities	18,616	-	18,616	-
Advance from Other Funds	65,173	(65,173)	-	-
Noncurrent Liabilities:				
Net Pension Liability	1,705,823	-	1,705,823	-
Other Postemployment Benefit Liability	80,087	-	80,087	-
Compensated Absences	118,035	-	118,035	-
Due within one year	355,000	497,947	852,947	-
Due in more than one year	-	9,436,155	9,436,155	-
Total Liabilities	<u>2,816,097</u>	<u>10,237,054</u>	<u>13,053,151</u>	<u>1,500</u>
<u>DEFERRED INFLOWS</u>				
Property Taxes Collected for the following year	7,950,781	-	7,950,781	-
Deferred Charge on Bond Refundings	-	215,625	215,625	-
Total Deferred Inflows	<u>7,950,781</u>	<u>215,625</u>	<u>8,166,406</u>	<u>-</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	13,182,763	7,987,748	21,170,511	40,510
Restricted	4,414,976	-	4,414,976	-
Unrestricted	790,550	4,973,489	5,764,039	81,578
Total Net Position	<u>\$ 18,388,289</u>	<u>\$ 12,961,237</u>	<u>\$ 31,349,526</u>	<u>\$ 122,088</u>

CHARTER TOWNSHIP OF OXFORD
Statement of Activities
For the Year Ended December 31, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Governmental Activities:							
General Government	\$ 1,910,807	\$ 17,384	\$ -	\$ (1,685,215)	\$ -	\$ (1,685,215)	\$ -
Public Safety	5,453,005	3,932	-	(4,366,974)	-	(4,366,974)	-
Planning and Zoning	64,465	-	-	(16,995)	-	(16,995)	-
Public Works	82,306	-	551	(81,755)	-	(81,755)	-
Health and Welfare	93,337	17,749	-	(75,588)	-	(75,588)	-
Recreation and Cultural	2,275,296	4,640	-	(1,668,708)	-	(1,668,708)	-
Interest on Long-Term Debt	23,181	-	-	(23,181)	-	(23,181)	-
Total Governmental Activities	<u>9,902,397</u>	<u>43,705</u>	<u>551</u>	<u>(7,918,416)</u>	<u>-</u>	<u>(7,918,416)</u>	<u>-</u>
Business-type Activities:							
Water	683,400	-	539,939	-	452,831	452,831	-
Sewer	2,242,657	-	304,150	-	(56,704)	(56,704)	-
Total Business-type Activities	<u>2,926,057</u>	<u>-</u>	<u>844,089</u>	<u>-</u>	<u>396,127</u>	<u>396,127</u>	<u>-</u>
Total Primary Government	<u>\$ 12,828,454</u>	<u>\$ 43,705</u>	<u>\$ 844,640</u>	<u>(7,918,416)</u>	<u>396,127</u>	<u>(7,522,289)</u>	<u>-</u>
Component Unit - Trailway	\$ 33,134	\$ 38,752	\$ -	-	-	-	5,618
General Revenues:							
Property Taxes				6,803,419	-	6,803,419	-
State Shared Revenue				1,340,514	-	1,340,514	-
Franchise Fees				368,203	-	368,203	-
Gain on Sale of Assets				236,162	-	236,162	-
Unrestricted Investment Earnings				52,431	57,780	110,211	59
Total General Revenues				<u>8,800,729</u>	<u>57,780</u>	<u>8,858,509</u>	<u>59</u>
Change in Net Position				882,313	453,907	1,336,220	5,677
Net Position - Beginning - Restated				17,505,976	12,507,330	30,013,306	116,411
Net Position - Ending				<u>\$ 18,388,289</u>	<u>\$ 12,961,237</u>	<u>\$ 31,349,526</u>	<u>\$ 122,088</u>

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

CHARTER TOWNSHIP OF OXFORD
Balance Sheet
Governmental Funds
December 31, 2015

	General	Police Contracting	Parks and Recreation	Fire
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,839,308	\$ 697,448	\$ 262,243	\$ -
Receivables (net of allowance for uncollectibles):				
Accounts	-	-	-	-
Taxes	716,413	2,572,121	641,447	2,629,623
Due from Other Governmental Units	235,590	-	-	-
Prepaid Expenditures	1,965	-	17,219	-
Total Assets	\$ 2,793,276	\$ 3,269,569	\$ 920,909	\$ 2,629,623
 <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 13,022	\$ 383,544	\$ 3,768	\$ -
Accrued and Other Liabilities	14,233	-	-	-
Advance from Other Funds	-	-	65,173	-
Deferred Inflows:				
Deferred Tax Revenue	716,413	2,572,121	641,447	2,629,623
Total Liabilities and Deferred Inflows	743,668	2,955,665	710,388	2,629,623
Fund Balances:				
Nonspendable-Prepays	1,965	-	17,219	-
Restricted	-	313,904	193,302	-
Unrestricted:				
Committed	-	-	-	-
Assigned	1,100,000	-	-	-
Unassigned	947,643	-	-	-
Total Fund Balances	2,049,608	313,904	210,521	-
Total Liabilities, Deferred Inflows and Fund Balances	\$ 2,793,276	\$ 3,269,569	\$ 920,909	\$ 2,629,623

Advanced Life Support	Fire & EMS	Library	Fire/Library Debt	Other Governmental Funds	Total Governmental Funds
\$ 402,621	\$ 435,724	\$ 1,205,211	\$ 35,124	\$ 2,061,169	\$ 6,938,848
-	-	-	-	143,399	143,399
-	-	1,050,425	340,752	-	7,950,781
-	-	-	-	-	235,590
<u>130,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,024</u>
<u>\$ 533,461</u>	<u>\$ 435,724</u>	<u>\$ 2,255,636</u>	<u>\$ 375,876</u>	<u>\$ 2,204,568</u>	<u>\$ 15,418,642</u>
\$ 7,996	\$ 40,126	\$ -	\$ -	\$ 24,907	\$ 473,363
-	4,383	-	-	-	18,616
-	-	-	-	-	65,173
-	-	1,050,425	340,752	-	7,950,781
<u>7,996</u>	<u>44,509</u>	<u>1,050,425</u>	<u>340,752</u>	<u>24,907</u>	<u>8,507,933</u>
130,840	-	-	-	-	150,024
394,625	391,215	1,205,211	35,124	1,881,595	4,414,976
-	-	-	-	298,066	298,066
-	-	-	-	-	1,100,000
-	-	-	-	-	947,643
<u>525,465</u>	<u>391,215</u>	<u>1,205,211</u>	<u>35,124</u>	<u>2,179,661</u>	<u>6,910,709</u>
<u>\$ 533,461</u>	<u>\$ 435,724</u>	<u>\$ 2,255,636</u>	<u>\$ 375,876</u>	<u>\$ 2,204,568</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.	13,537,763
Deferred Outflows related to Pensions	198,762
Net Pension Liabilities are not reported in the funds	(1,705,823)
Net Other Post Employment Benefit Liability	(80,087)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(473,035)</u>
Net Position of Governmental Activities	<u>\$ 18,388,289</u>

CHARTER TOWNSHIP OF OXFORD
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2015

	<u>General</u>	<u>Police Contracting</u>	<u>Parks and Recreation</u>	<u>Fire</u>
<u>Revenues</u>				
Property Taxes	\$ 668,410	\$ 1,750,625	\$ 593,054	\$ -
Licenses and Permits	25,330	-	-	-
Intergovernmental:				
Federal, State and Local	1,329,819	21,079	-	-
Charges for Services	151,522	5,549	528,311	-
Fines and Forfeitures	-	42,754	-	-
Franchise Fees	-	-	-	-
Special Assessments	17,830	-	-	-
Interest	14,779	3,158	4,189	-
Other	27,083	-	10,483	-
Total Revenues	<u>2,234,773</u>	<u>1,823,165</u>	<u>1,136,037</u>	<u>-</u>
 <u>Expenditures</u>				
Current:				
General Government	1,091,632	-	-	-
Public Safety	-	2,309,047	-	-
Planning and Zoning	64,465	-	-	-
Public Works	82,206	-	-	-
Health and Welfare	93,337	-	-	-
Recreation and Cultural	-	-	1,061,465	-
Other	372,669	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Capital Outlay	-	16,498	31,246	-
Total Expenditures	<u>1,704,309</u>	<u>2,325,545</u>	<u>1,092,711</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>530,464</u>	<u>(502,380)</u>	<u>43,326</u>	<u>-</u>
 <u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Building	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(410,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(410,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	120,464	(502,380)	43,326	-
Fund Balances - Beginning	<u>1,929,144</u>	<u>816,284</u>	<u>167,195</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,049,608</u>	<u>\$ 313,904</u>	<u>\$ 210,521</u>	<u>\$ -</u>

Advanced Life Support	Fire & EMS	Library	Fire/Library Debt	Other Governmental Funds	Total Governmental Funds
\$ 694,634	\$ 1,041,932	\$ 971,182	\$ 1,083,582	\$ -	\$ 6,803,419
-	-	-	-	399,167	424,497
-	-	53,561	-	9,452	1,413,911
503,845	10,463	-	-	28,094	1,227,784
-	-	16,137	-	-	58,891
-	-	-	-	368,203	368,203
-	-	-	-	-	17,830
4,035	5,300	13,140	332	7,498	52,431
83,423	13,389	19,574	9,774	17,856	181,582
<u>1,285,937</u>	<u>1,071,084</u>	<u>1,073,594</u>	<u>1,093,688</u>	<u>830,270</u>	<u>10,548,548</u>
-	-	-	-	3,984	1,095,616
1,300,851	1,140,045	-	-	209,439	4,959,382
-	-	-	-	-	64,465
-	-	-	-	100	82,306
-	-	-	-	-	93,337
-	-	980,513	-	-	2,041,978
-	-	-	-	329,736	702,405
-	-	-	1,060,000	-	1,060,000
-	-	-	23,181	-	23,181
355,098	669,289	73,025	-	782,256	1,927,412
<u>1,655,949</u>	<u>1,809,334</u>	<u>1,053,538</u>	<u>1,083,181</u>	<u>1,325,515</u>	<u>12,050,082</u>
<u>(370,012)</u>	<u>(738,250)</u>	<u>20,056</u>	<u>10,507</u>	<u>(495,245)</u>	<u>(1,501,534)</u>
-	-	-	-	420,713	420,713
-	-	-	-	410,000	410,000
-	-	-	-	-	(410,000)
-	-	-	-	830,713	420,713
(370,012)	(738,250)	20,056	10,507	335,468	(1,080,821)
<u>895,477</u>	<u>1,129,465</u>	<u>1,185,155</u>	<u>24,617</u>	<u>1,844,193</u>	<u>7,991,530</u>
<u>\$ 525,465</u>	<u>\$ 391,215</u>	<u>\$ 1,205,211</u>	<u>\$ 35,124</u>	<u>\$ 2,179,661</u>	<u>\$ 6,910,709</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, 2015

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

Net change in fund balances - total governmental funds \$ (1,080,821)

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

Capital Outlay	1,927,412
Capital Outlay - Departmental	32,489
Depreciation Expense	(785,359)
Disposal of Assets	(184,551)

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	1,060,000
Increase in Compensated Absences	(2,879)

Change in Net Pension Liability (82,537)

Change in Net Other Postemployment Benefit Liability (1,441)

Change in net position in governmental activities \$ 882,313

CHARTER TOWNSHIP OF OXFORD
Statement of Net Position
Proprietary Funds
December 31, 2015

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 2,538,880	\$ 2,319,240	\$ 4,858,120
Accounts Receivable	558,883	-	558,883
Due from Other Units	75,063	-	75,063
Total Current Assets	3,172,826	2,319,240	5,492,066
Advance to Other Fund	65,173	-	65,173
Fixed Assets:			
Land	-	367,557	367,557
Water Mains	-	16,685,084	16,685,084
Sewer Mains	10,186,738	-	10,186,738
Accumulated Depreciation	(5,692,740)	(3,624,789)	(9,317,529)
Net Fixed Assets	4,493,998	13,427,852	17,921,850
Total Assets	7,731,997	15,747,092	23,479,089
 <u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	367,811	314	368,125
Bonds Payable	102,947	395,000	497,947
Total Current Liabilities	470,758	395,314	866,072
Noncurrent Liabilities:			
Bonds Payable	2,146,155	7,290,000	9,436,155
Total Liabilities	2,616,913	7,685,314	10,302,227
 <u>DEFERRED INFLOWS</u>			
Deferred Charge on Refunding Bonds	-	215,625	215,625
 <u>NET POSITION</u>			
Net Investment in Capital Assets	2,244,896	5,742,852	7,987,748
Unrestricted	2,870,188	2,103,301	4,973,489
Total Net Position	\$ 5,115,084	\$ 7,846,153	\$ 12,961,237

CHARTER TOWNSHIP OF OXFORD
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ 1,881,803	\$ 4,650	\$ 1,886,453
Operating Expenses:			
Operations & Maintenance	2,073,392	102,148	2,175,540
Depreciation Expense	127,686	338,747	466,433
Total Operating Expenses	<u>2,201,078</u>	<u>440,895</u>	<u>2,641,973</u>
Operating Income (Loss)	<u>(319,275)</u>	<u>(436,245)</u>	<u>(755,520)</u>
Nonoperating Revenues (Expenses):			
Debt Surcharge	-	591,642	591,642
Interest Income	25,475	32,305	57,780
Interest Expense	(41,579)	(242,505)	(284,084)
Total Nonoperating Revenues (Expenses)	<u>(16,104)</u>	<u>381,442</u>	<u>365,338</u>
Income (Loss) Before Contributions	(335,379)	(54,803)	(390,182)
Capital Contributions	<u>304,150</u>	<u>539,939</u>	<u>844,089</u>
Net Income (Loss)	(31,229)	485,136	453,907
Net Position - January 1	<u>5,146,313</u>	<u>7,361,017</u>	<u>12,507,330</u>
Net Position - December 31	<u>\$ 5,115,084</u>	<u>\$ 7,846,153</u>	<u>\$ 12,961,237</u>

CHARTER TOWNSHIP OF OXFORD
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 1,894,614	\$ 4,650	\$ 1,899,264
Payments to suppliers	(1,951,009)	(38,275)	(1,989,284)
Net Cash Provided (Used) by Operating Activities	(56,395)	(33,625)	(90,020)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Capital Contributions	304,150	539,939	844,089
Debt Surcharge	-	591,642	591,642
Acquisition and Construction of Capital Assets	(483,680)	-	(483,680)
Proceeds from Sale of Land	-	60,976	60,976
Proceeds from Long Term Borrowings	483,680	-	483,680
Principal Paid on Debt	(584,262)	(430,000)	(1,014,262)
Interest Paid on Debt	(41,579)	(256,880)	(298,459)
Net Cash Provided (Used) by Capital and Related Financing Activities	(321,691)	505,677	183,986
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest Earned	25,475	32,305	57,780
Net Increase (Decrease) in Cash and Cash Equivalents	(352,611)	504,357	151,746
Cash and Cash Equivalents, Beginning	2,891,491	1,814,883	4,706,374
Cash and Cash Equivalents, Ending	\$ 2,538,880	\$ 2,319,240	\$ 4,858,120
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$ (319,275)	\$ (436,245)	\$ (755,520)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	127,686	338,747	466,433
(Increase) Decrease in Accounts Receivable	(1,477)	-	(1,477)
(Increase) Decrease in Due from Other Units	(16,863)	143,822	126,959
(Increase) Decrease in Advance to Other Fund	31,151	-	31,151
Increase (Decrease) in Accounts Payable	122,383	(79,949)	42,434
Net Cash Provided (Used) by Operating Activities	\$ (56,395)	\$ (33,625)	\$ (90,020)

CHARTER TOWNSHIP OF OXFORD
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2015

	Agency Funds	
	Current Tax Collection	Trust & Agency
<u>ASSETS</u>		
Cash	\$ 4,724,931	\$ 363,132
 <u>LIABILITIES</u>		
Due to Other	4,724,931	363,132
 NET POSITION	\$ -	\$ -

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

Discretely Presented Component Unit

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

B. Jointly Governed Organizations

North Oakland Transportation Authority

The Authority provides transportation services for the following six entities, the Charter Township of Oxford, the Charter Township of Orion, the Township of Addison, the Village of Lake Orion, the Village of Leonard and the Village of Oxford. The Authority's board consists of twelve members of which the Charter Township of Oxford appoints two. For the fiscal year ended December 31, 2015, the Charter Township of Oxford provided \$66,763 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, 2015

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, 2015

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, 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, 2015

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, 2015

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	\$ 143,399	\$ 558,883
Less Allowance for Doubtful Accounts	<u>-</u>	<u>-</u>
Net Realizable Value	<u>\$ 143,399</u>	<u>\$ 558,883</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, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

3. Capital Assets – Continued

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

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

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

4. Compensated Absences

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

5. Long-term Obligations

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

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

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2015

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, 2015

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 2015.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2015

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, 2015.

2. Excess of Expenditures Over Appropriations in Budgetary Funds

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Excess Expenditures Over Appropriations</u>
General Fund:			
Highways and Streets	\$ 27,200	\$ 69,619	\$ 42,419
Parks and Recreation Fund	1,080,025	1,092,711	12,686

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, 2015, the Township's book balance of its deposits was \$16,885,031. The bank balance was \$17,266,381 which was exposed to custodial credit risk, as follows:

	<u>Bank Balance</u>
Insured by F.D.I.C.	\$ 755,635
Uninsured and Uncollateralized	<u>16,510,746</u>
Total	<u>\$ 17,266,381</u>

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2015

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	\$ 11,796,968
Agency Funds	<u>5,088,063</u>
Total	<u>\$ 16,885,031</u>

At December 31, 2015, the carrying amount and bank balance of the component unit of the Charter Township of Oxford, the Polly Ann Trailway Management Council, was \$83,078, all of which is FDIC insured.

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	\$ 5,052,731	Demand
Pooled Investments	\$ 12,150,562	Demand
Certificates of Deposit	\$ 63,088	465 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, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets

Capital asset activity for the year ended December 31, 2015 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	13,546,269	963,107	(605,000)	13,904,376
Vehicles	3,370,689	387,586	(260,086)	3,498,189
Machinery and Equipment	2,424,105	65,169	(148,071)	2,341,203
Infrastructure	615,240	544,039	-	1,159,279
	<u>19,956,303</u>	<u>1,959,901</u>	<u>(1,013,157)</u>	<u>20,903,047</u>
Less: Accumulated Depreciation:				
Building and Land Improvements	(4,660,004)	(332,650)	544,500	(4,448,154)
Vehicles	(2,387,637)	(291,323)	136,035	(2,542,925)
Machinery and Equipment	(1,542,022)	(130,663)	148,071	(1,524,614)
Infrastructure	(189,148)	(30,723)	-	(219,871)
	<u>(8,778,811)</u>	<u>(785,359)</u>	<u>828,606</u>	<u>(8,735,564)</u>
Governmental Activities Capital Assets, net	<u>\$12,547,772</u>	<u>\$ 1,174,542</u>	<u>\$ (184,551)</u>	<u>\$13,537,763</u>

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

General Government	\$ 111,537
Public Safety	442,212
Recreation and Cultural	231,610
	<u>\$ 785,359</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities:				
Capital Assets, not depreciated:				
Land	\$ 428,533	\$ -	\$ 60,976	\$ 367,557
Capital Assets, being depreciated:				
Infrastructure	26,388,142	483,680	-	26,871,822
Less: Accumulated Depreciation:				
Infrastructure	(8,851,096)	(466,433)	-	(9,317,529)
Business-type Activities Capital Assets, net	<u>\$ 17,965,579</u>	<u>\$ 17,247</u>	<u>\$ 60,976</u>	<u>\$ 17,921,850</u>

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets – Continued

<u>Component Unit-Polly Ann Trailway:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 3,314	\$ -	\$ -	\$ 3,314
Capital Assets, being depreciated:				
Restroom	27,296	-	-	27,296
Parking Lot	35,000	-	-	35,000
Trailway Improvements	26,906	-	-	26,906
Less: Accumulated Depreciation	<u>(46,765)</u>	<u>(5,241)</u>	<u>-</u>	<u>(52,006)</u>
Component Unit, Capital Assets, net	<u>\$ 45,751</u>	<u>\$ (5,241)</u>	<u>\$ -</u>	<u>\$ 40,510</u>

C. Interfund Receivables, Payables and Transfers

<u>Advance Receivable</u>	<u>Advance Payable</u>	
Sewer Fund	Parks and Recreation Fund	<u>\$ 65,173</u>
<u>Transfers In</u>	<u>Transfers Out</u>	
Safety Path Fund	General Fund	\$ 125,000
Building & Site Capital Project Fund	General Fund	<u>285,000</u>
		<u>\$ 410,000</u>

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

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

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2015

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, 2015:

	<u>Balance</u> <u>Jan 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec 31, 2015</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 1,415,000	\$ -	\$ 1,060,000	\$ 355,000	\$ 355,000
Compensated Absences	115,156	2,879	-	118,035	-
	<u>\$ 1,530,156</u>	<u>\$ 2,879</u>	<u>\$ 1,060,000</u>	<u>\$ 473,035</u>	<u>\$ 355,000</u>
Business Activities:					
General Obligation Bonds	\$ 8,115,000	\$ -	\$ 430,000	\$ 7,685,000	\$ 395,000
Interceptor Drain 2010A	554,902	-	26,481	528,421	27,207
Interceptor Drain 2010B	140,631	-	6,046	134,585	6,288
Interceptor Drain 2013A	1,654,151	-	68,055	1,586,096	69,452
Interceptor Drain 2015	-	483,710	483,710	-	-
	<u>\$ 10,464,684</u>	<u>\$ 483,710</u>	<u>\$ 1,014,292</u>	<u>\$ 9,934,102</u>	<u>\$ 497,947</u>

The following is a summary of general obligation debt outstanding of the Township as of December 31, 2015:

	<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>\$ 355,000</u>
Business Activities:				
General Obligation Bonds	1	2.00%-4.00%	2030	\$ 7,685,000
Interceptor Drain Bonds	3	1.15%-5.90%	2034	2,249,102
				<u>\$ 9,934,102</u>

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2015

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, 2015 are as follows:

<u>Year Ended</u>	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 355,000	\$ 4,881	\$ 497,947	\$ 339,796
2017	-	-	510,312	325,622
2018	-	-	527,553	307,026
2019	-	-	550,039	287,743
2020	-	-	567,772	267,577
2021-2025	-	-	3,149,744	1,038,566
2026-2030	-	-	3,705,970	462,865
2031-2034	-	-	424,765	19,946
	<u>\$ 355,000</u>	<u>\$ 4,881</u>	<u>\$ 9,934,102</u>	<u>\$ 3,049,141</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, 2015, but recognized revenue in the year ending December 31, 2016, 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 2016 \$7,950,781

- In November 2014, the Township issued \$7,755,000 of limited tax general obligation refunding bonds, with a bond premium of \$230,000 which has been recorded as a deferred inflow of resources and is being amortized over the remaining life of the bond. The balance of unamortized bond premium at December 31, 2015 is \$215,625.

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2015

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, 2015, 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	\$ 1,965	\$ -	\$ 17,219	\$ 130,840	\$ -	\$ -	\$ -	\$ -	\$ 150,024
Restricted for:									
Police	-	313,904	-	-	-	-	-	-	313,904
Parks & Recreation	-	-	193,302	-	-	-	-	-	193,302
Adv. Life Support	-	-	-	394,625	-	-	-	-	394,625
Fire & EMS	-	-	-	-	391,215	-	-	-	391,215
Library	-	-	-	-	-	1,205,211	-	-	1,205,211
Debt Service	-	-	-	-	-	-	35,124	-	35,124
Building Dept.	-	-	-	-	-	-	-	671,985	671,985
Cable Television	-	-	-	-	-	-	-	612,349	612,349
Roads	-	-	-	-	-	-	-	38,912	38,912
Cemetery	-	-	-	-	-	-	-	114,487	114,487
Safety Path	-	-	-	-	-	-	-	19,486	19,486
Telecommunication	-	-	-	-	-	-	-	10,586	10,586
Community Center	-	-	-	-	-	-	-	413,790	413,790
Total Restricted	-	313,904	193,302	394,625	391,215	1,205,211	35,124	1,881,595	4,414,976
Committed for									
Capital Projects	-	-	-	-	-	-	-	298,066	298,066
Assigned for Elkview	1,100,000	-	-	-	-	-	-	-	1,100,000
Unassigned	947,643	-	-	-	-	-	-	-	947,643
Total Fund Balance	\$ 2,049,608	\$ 313,904	\$ 210,521	\$ 525,465	\$ 391,215	\$ 1,205,211	\$ 35,124	\$ 2,179,661	\$ 6,910,709

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 2014 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	-	1.5600

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2015

IV. OTHER INFORMATION

A. Defined Benefit Plan – Fire Department

Plan Description

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

Benefits Provided

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

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

Employees Covered by Benefit Terms

At the December 31, 2014 measurement date, the following employees were covered by the benefit terms:

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

Contributions

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

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2015

IV. OTHER INFORMATION – Continued

A. Defined Benefit Plan – Fire Department – Continued

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

For the year ended December 31, 2015, the average active employee contribution rate was 2.5 percent of gross wages for all fire employees.

Net Pension Liability

The net pension liability reported at December 31, 2015 was determined using a measure of the total pension liability and the plan net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of that date.

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

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2013	\$ 4,327,108	\$ 2,720,983	\$ 1,606,125
Service Cost	116,095	-	116,095
Interest	350,646	-	350,646
Contributions-Employer	-	176,962	(176,962)
Contributions-Employee	-	24,918	(24,918)
Net Investment Income	-	171,455	(171,455)
Benefit Payments, including refunds	(269,797)	(269,797)	-
Administrative Expenses	-	(6,292)	6,292
Net Changes	<u>196,944</u>	<u>97,246</u>	<u>99,698</u>
Balance at December 31, 2014	<u>\$ 4,524,052</u>	<u>\$ 2,818,229</u>	<u>\$ 1,705,823</u>

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2015

IV. OTHER INFORMATION – Continued

A. Defined Benefit Plan – Fire Department – Continued

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

For the year ended December 31, 2015, the Township recognized pension expense of \$164,158. At December 31, 2015, the Township reported deferred outflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 34,604
Employer contributions to the plan subsequent to the measurement date	164,158
Total	\$ <u>198,762</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$164,158), which will impact the net pension liability in fiscal year 2016, rather than pension expense.

Years Ending December 31	Amount
2016	\$ 8,651
2017	8,651
2018	8,651
2019	8,651

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.50%
Investment rate of return	8.25%

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2015

IV. OTHER INFORMATION – Continued

A. Defined Benefit Plan – Fire Department – Continued

Mortality rates were based on the 1994 Group Annuity Mortality Table of a 50 percent male and 50 percent female blend. For disabled retirees, the regular mortality table is used with a 10 year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study in 2008. The MERS retirement board is currently conducting an actuarial experience study covering the period from January 1, 2009 through December 31, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 8.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2014, the measurement date, for each major asset class are summarized in the following table:

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2015

IV. OTHER INFORMATION – Continued

A. Defined Benefit Plan – Fire Department – Continued

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

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

The following presents the net pension liability of the Township, calculated using the discount rate of 8.25 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease (7.25%)</u>	<u>Current Discount Rate (8.25%)</u>	<u>1% Increase (9.25%)</u>
Net Pension Liability	\$ <u>2,275,352</u>	\$ <u>1,705,823</u>	\$ <u>1,230,094</u>

Pension Plan Fiduciary Net Position

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

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2015

IV. OTHER INFORMATION – Continued

B. Defined Contribution Plans

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

	<u>General & Fire</u>	<u>Parks and Recreation</u>	<u>Library</u>
Plan Administrator	John Hancock	John Hancock	American Funds
Vesting	Immediate	Immediate	Immediate
Contribution Base	Base Compensation	Base Compensation	Base Compensation
Employer Contribution Rate	10-15%	15%	5%
Employee Voluntary Contribution Rate	Up to 10%	Up to 10%	N/A
Numbered Participants	10	6	17
Employer Contribution	\$73,181	\$45,444	\$22,611
Employee Contribution	\$58,089	\$13,219	N/A

CHARTER TOWNSHIP OF OXFORD
Notes to Financial Statements
December 31, 2015

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 2015, this amounted to \$43,048.

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, 2015, 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	1,573
Less adjustment to the annual required contribution	-
Annual OPEB Cost	44,489
Amounts Contributed:	
Payments of current premiums	(43,048)
Advance funding	-
Increase(Decrease) in net OPEB obligation	1,441
OPEB obligation - Beginning of Year	78,646
OPEB obligation - End of Year	\$ 80,087

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, 2015

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>
12/31/2013	1/1/2012	\$ 43,029	90%	\$ 68,148
12/31/2014	1/1/2012	\$ 43,029	76%	\$ 78,646
12/31/2015	1/1/2012	\$ 44,489	97%	\$ 80,087

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, 2015

IV. OTHER INFORMATION – Continued

E. Contingent Liabilities

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

F. Restatement

During fiscal year 2015, the Township adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements now include a netpension liability, as detailed in the defined benefit pension footnote. The financial statements for the year ended December 31, 2014 have been restated to reflect the adoption of this pronouncement as follows:

Source	Governmental Activities
Net Position - December 31, 2014, as previously reported	\$ 18,930,500
Adjustment for Implementation of GASB Stmt No. 68	(1,424,524)
Net Position - December 31, 2014, as restated	\$ 17,505,976

G. Upcoming Accounting Pronouncement

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

REQUIRED SUPPLEMENTARY INFORMATION

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

		2015
Total Pension Liability:		
Service Cost	\$	116,095
Interest		350,646
Benefit payments, including refunds		(269,797)
Net Change in Total Pension Liability		196,944
Total Pension Liability, Beginning of year		4,327,108
Total Pension Liability, End of year	\$	4,524,052
Plan Fiduciary Net Position:		
Contributions - Employer	\$	176,962
Contributions - Employee		24,918
Net Investment Income		171,455
Administrative Expenses		(6,292)
Benefit payments, including refunds		(269,797)
Net Change in Plan Fiduciary Net Position		97,246
Plan Fiduciary Net Position, Beginning of year		2,720,983
Plan Fiduciary Net Position, End of year	\$	2,818,229
Township's Net Pension Liability - Ending	\$	1,705,823
Plan Fiduciary Net Position as a Percent of Total Pension Liability		62.3%
Covered Employee Payroll	\$	1,014,816
Township's Net Pension Liability as a Percent of Covered Employee Payroll		168.1%

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 186,263	\$ 181,601	\$ 149,148	\$ 149,587	\$ 130,513	\$ 125,070	\$ 167,147	\$ 164,027	\$ 210,323	\$ 62,086
Contributions in relation to the actuarially determined contribution	186,263	181,601	149,148	149,587	130,513	125,070	167,147	164,027	210,323	62,086
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 1,014,816	\$ 1,014,816	\$ 917,312	\$ 945,091	\$ 887,100	\$ 851,839	\$ 988,040	\$ 922,416	\$ 770,031	\$ 545,323
Contributions as a Percentage of Covered Employee Payroll	18.4%	17.9%	16.3%	15.8%	14.7%	14.7%	16.9%	17.8%	27.3%	11.4%

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

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

CHARTER TOWNSHIP OF OXFORD
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 652,700	\$ 668,410	\$ 668,410	\$ -
Licenses and Permits	19,625	26,610	25,330	(1,280)
Intergovernmental - Federal/CDBG	25,000	17,956	17,749	(207)
Intergovernmental - State	1,300,000	1,313,796	1,312,070	(1,726)
Charges for Services	122,270	157,344	151,522	(5,822)
Special Assessments	-	-	17,830	17,830
Interest	15,800	18,950	14,779	(4,171)
Other	1,850	17,247	27,083	9,836
Total Revenues	<u>2,137,245</u>	<u>2,220,313</u>	<u>2,234,773</u>	<u>14,460</u>
Expenditures:				
General Government:				
Township Board	34,800	33,283	32,251	1,032
Township Supervisor	121,736	125,061	123,127	1,934
Elections	23,600	17,540	11,762	5,778
Assessor	158,885	154,885	149,372	5,513
Professional Fees	37,400	25,000	14,375	10,625
Township Clerk	152,916	154,114	151,715	2,399
Board of Review	4,260	3,118	2,673	445
Township Treasurer	146,186	151,227	147,643	3,584
Township Hall Building	66,489	99,366	71,942	27,424
Veterans Building	85,930	36,570	36,570	-
Cemetery	72,500	80,955	73,415	7,540
Other	359,900	390,390	276,787	113,603
Total General Government	<u>1,264,602</u>	<u>1,271,509</u>	<u>1,091,632</u>	<u>179,877</u>
Planning and Zoning:				
Planning Commission	97,131	66,374	59,634	6,740
Board of Appeals	11,050	6,171	4,831	1,340
Total Planning and Zoning	<u>108,181</u>	<u>72,545</u>	<u>64,465</u>	<u>8,080</u>
Public Works:				
Highways and Streets	37,200	27,200	69,619	(42,419)
Street Lighting	12,000	13,000	11,560	1,440
Engineering	15,000	7,000	1,027	5,973
Total Public Works	<u>64,200</u>	<u>47,200</u>	<u>82,206</u>	<u>(35,006)</u>
Health and Welfare:				
Citizen Programs/CDBG	25,000	25,000	14,974	10,026
Social Services	11,600	11,600	11,600	-
NOTA	90,000	90,000	66,763	23,237
Total Health and Welfare	<u>126,600</u>	<u>126,600</u>	<u>93,337</u>	<u>33,263</u>
Other Functions:				
Fringe Benefits	363,970	368,835	353,576	15,259
Insurance and Bonds	9,900	10,900	9,255	1,645
Contributions	10,000	10,000	9,838	162
Contingencies	189,792	27,724	-	27,724
Total Other Functions	<u>573,662</u>	<u>417,459</u>	<u>372,669</u>	<u>44,790</u>
Total Expenditures	<u>2,137,245</u>	<u>1,935,313</u>	<u>1,704,309</u>	<u>231,004</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ 285,000	\$ 530,464	\$ 245,464
Other Financing Uses: Operating Transfers Out	<u>-</u>	<u>(410,000)</u>	<u>(410,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (125,000)</u>	120,464	<u>\$ 245,464</u>
Fund Balance - January 1			<u>1,929,144</u>	
Fund Balance - December 31			<u>\$ 2,049,608</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 1,751,000	\$ 1,750,663	\$ 1,750,625	\$ (38)
Intergovernmental-State	8,700	21,079	21,079	-
Charges for Services	26,970	27,242	5,549	(21,693)
Fines and Forfeitures	1,700	12,296	42,754	30,458
Interest	<u>2,000</u>	<u>2,993</u>	<u>3,158</u>	<u>165</u>
Total Revenues	1,790,370	1,814,273	1,823,165	8,892
Expenditures:				
Public Safety	2,306,853	2,463,859	2,309,047	154,812
Capital Outlay	<u>1,000</u>	<u>17,000</u>	<u>16,498</u>	<u>502</u>
Total Expenditures	<u>2,307,853</u>	<u>2,480,859</u>	<u>2,325,545</u>	<u>155,314</u>
Excess (Deficiency) of Revenue Over Expenditures	\$ <u>(517,483)</u>	\$ <u>(666,586)</u>	(502,380)	\$ <u>164,206</u>
Fund Balance - January 1			<u>816,284</u>	
Fund Balance - December 31			<u>\$ 313,904</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 591,200	\$ 591,200	\$ 593,054	\$ 1,854
Charges for Services	445,250	445,250	528,311	83,061
Interest	-	-	4,189	4,189
Other	-	-	10,483	10,483
Total Revenues	<u>1,036,450</u>	<u>1,036,450</u>	<u>1,136,037</u>	<u>99,587</u>
Expenditures:				
Recreation	1,019,392	1,019,392	1,061,465	(42,073)
Capital Outlay	60,633	60,633	31,246	29,387
Total Expenditures	<u>1,080,025</u>	<u>1,080,025</u>	<u>1,092,711</u>	<u>(12,686)</u>
Excess (Deficiency) of Revenue Over Expenditures	\$ <u>(43,575)</u>	\$ <u>(43,575)</u>	43,326	\$ <u>86,901</u>
Fund Balance - January 1			<u>167,195</u>	
Fund Balance - December 31			<u>\$ 210,521</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 695,829	\$ 694,634	\$ 694,634	\$ -
Charges for Services	450,000	480,000	503,845	23,845
Interest	3,000	3,619	4,035	416
Other	-	82,814	83,423	609
Total Revenues	<u>1,148,829</u>	<u>1,261,067</u>	<u>1,285,937</u>	<u>24,870</u>
Expenditures:				
Public Safety:				
Advance Life Support	1,351,356	1,360,056	1,300,851	59,205
Capital Outlay	250,000	355,098	355,098	-
Total Expenditures	<u>1,601,356</u>	<u>1,715,154</u>	<u>1,655,949</u>	<u>59,205</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ (452,527)</u>	<u>\$ (454,087)</u>	(370,012)	<u>\$ 84,075</u>
Fund Balance - January 1			<u>895,477</u>	
Fund Balance - December 31			<u>\$ 525,465</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 1,002,292	\$ 1,041,932	\$ 1,041,932	\$ -
Charges for Services	1,600	10,384	10,463	79
Interest	2,000	4,870	5,300	430
Other	-	12,064	13,389	1,325
Total Revenues	<u>1,005,892</u>	<u>1,069,250</u>	<u>1,071,084</u>	<u>1,834</u>
Expenditures:				
Public Safety:				
Fire Contract	909,392	987,092	865,601	121,491
EMS	343,710	329,368	274,444	54,924
Construction	-	815,000	669,289	145,711
Total Expenditures	<u>1,253,102</u>	<u>2,131,460</u>	<u>1,809,334</u>	<u>322,126</u>
Excess (Deficiency) of Revenue Over Expenditures	\$ <u>(247,210)</u>	\$ <u>(1,062,210)</u>	(738,250)	\$ <u>323,960</u>
Fund Balance - January 1			<u>1,129,465</u>	
Fund Balance - December 31			<u>\$ 391,215</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 940,000	\$ 971,160	\$ 971,182	\$ 22
Intergovernmental-State	10,200	10,200	12,086	1,886
Intergovernmental-Local	27,000	27,000	41,475	14,475
Fines	18,000	16,500	16,137	(363)
Grants	2,500	5,000	4,600	(400)
Interest	4,512	9,024	13,140	4,116
Other	8,505	14,336	14,974	638
Total Revenues	<u>1,010,717</u>	<u>1,053,220</u>	<u>1,073,594</u>	<u>20,374</u>
Expenditures:				
Operating	1,031,116	1,034,211	980,513	53,698
Capital Outlay	5,000	76,500	73,025	3,475
Total Expenditures	<u>1,036,116</u>	<u>1,110,711</u>	<u>1,053,538</u>	<u>57,173</u>
Net Change in Fund Balance	<u>\$ (25,399)</u>	<u>\$ (57,491)</u>	20,056	<u>\$ 77,547</u>
Fund Balance - January 1			<u>1,185,155</u>	
Fund Balance - December 31			<u>\$ 1,205,211</u>	

OTHER SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF OXFORD
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	<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	\$ 1,316,569	\$ 716,600	\$ 28,000	\$ 2,061,169
Accounts Receivable	<u>143,399</u>	<u>-</u>	<u>-</u>	<u>143,399</u>
Total Assets	<u>\$ 1,459,968</u>	<u>\$ 716,600</u>	<u>\$ 28,000</u>	<u>\$ 2,204,568</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ <u>20,163</u>	\$ <u>4,744</u>	\$ <u>-</u>	\$ <u>24,907</u>
Fund Balance:				
Restricted	1,439,805	413,790	28,000	1,881,595
Committed for Capital Projects	<u>-</u>	<u>298,066</u>	<u>-</u>	<u>298,066</u>
Total Fund Balance	<u>1,439,805</u>	<u>711,856</u>	<u>28,000</u>	<u>2,179,661</u>
Total Liabilities and Fund Balance	<u>\$ 1,459,968</u>	<u>\$ 716,600</u>	<u>\$ 28,000</u>	<u>\$ 2,204,568</u>

CHARTER TOWNSHIP OF OXFORD
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue	Capital Projects- Building & Site	Permanent Fund- Cemetery	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Licenses and Permits	\$ 399,167	\$ -	\$ -	\$ 399,167
Intergovernmental	9,452	-	-	9,452
Charges for Services	28,094	-	-	28,094
Franchise Fees	368,203	-	-	368,203
Interest	5,980	1,518	-	7,498
Other	17,856	-	-	17,856
Total Revenues	<u>828,752</u>	<u>1,518</u>	<u>-</u>	<u>830,270</u>
<u>Expenditures:</u>				
General Government	3,984	-	-	3,984
Public Safety	209,439	-	-	209,439
Public Works	100	-	-	100
Other	329,736	-	-	329,736
Capital Outlay	560,239	222,017	-	782,256
Total Expenditures	<u>1,103,498</u>	<u>222,017</u>	<u>-</u>	<u>1,325,515</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(274,746)</u>	<u>(220,499)</u>	<u>-</u>	<u>(495,245)</u>
<u>Other Financing Sources:</u>				
Proceeds from Sale of Building	-	420,713	-	420,713
Operating Transfers In	125,000	285,000	-	410,000
Total Other Financing Sources	<u>125,000</u>	<u>705,713</u>	<u>-</u>	<u>830,713</u>
Net Change in Fund Balances	(149,746)	485,214	-	335,468
Fund Balances - January 1	<u>1,589,551</u>	<u>226,642</u>	<u>28,000</u>	<u>1,844,193</u>
Fund Balances - December 31	<u>\$ 1,439,805</u>	<u>\$ 711,856</u>	<u>\$ 28,000</u>	<u>\$ 2,179,661</u>

CHARTER TOWNSHIP OF OXFORD
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2015

<u>ASSETS</u>	<u>Building</u>	<u>Cable Television</u>	<u>Road</u>	<u>Cemetery Maintenance</u>
Cash	\$ 678,732	\$ 481,756	\$ 38,912	\$ 86,487
Accounts Receivable	<u>-</u>	<u>143,399</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 678,732</u>	<u>\$ 625,155</u>	<u>\$ 38,912</u>	<u>\$ 86,487</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 6,747	\$ 12,806	\$ -	\$ -
Fund Balance:				
Restricted	<u>671,985</u>	<u>612,349</u>	<u>38,912</u>	<u>86,487</u>
Total Liabilities and Fund Balance	<u>\$ 678,732</u>	<u>\$ 625,155</u>	<u>\$ 38,912</u>	<u>\$ 86,487</u>

<u>Safety Path</u>	<u>Telecom- munication</u>	<u>Total</u>
\$ 20,096	\$ 10,586	\$ 1,316,569
<u>-</u>	<u>-</u>	<u>143,399</u>
<u>\$ 20,096</u>	<u>\$ 10,586</u>	<u>\$ 1,459,968</u>

\$ 610	\$ -	\$ 20,163
--------	------	-----------

<u>19,486</u>	<u>10,586</u>	<u>1,439,805</u>
<u>\$ 20,096</u>	<u>\$ 10,586</u>	<u>\$ 1,459,968</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, 2015

	<u>Building</u>	<u>Cable Television</u>	<u>Road</u>	<u>Cemetery Maintenance</u>
Revenues:				
Licenses and Permits	\$ 399,167	\$ -	\$ -	\$ -
Intergovernmental - State	-	-	-	-
Charges for Services	28,094	-	-	-
Franchise Fees	-	368,203	-	-
Interest	1,314	3,721	27	133
Other	-	16,099	2	1,754
Total Revenues	<u>428,575</u>	<u>388,023</u>	<u>29</u>	<u>1,887</u>
Expenditures:				
Current:				
General Government	-	-	-	3,984
Public Safety	209,439	-	-	-
Public Works	-	-	-	-
Other	-	329,736	-	-
Capital Outlay	-	-	-	16,200
Total Expenditures	<u>209,439</u>	<u>329,736</u>	<u>-</u>	<u>20,184</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>219,136</u>	<u>58,287</u>	<u>29</u>	<u>(18,297)</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	219,136	58,287	29	(18,297)
Fund Balance - January 1	<u>452,849</u>	<u>554,062</u>	<u>38,883</u>	<u>104,784</u>
Fund Balance - December 31	<u>\$ 671,985</u>	<u>\$ 612,349</u>	<u>\$ 38,912</u>	<u>\$ 86,487</u>

<u>Safety Path</u>	<u>Telecom- munication</u>	<u>Total</u>
\$ -	\$ -	\$ 399,167
-	9,452	9,452
-	-	28,094
-	-	368,203
782	3	5,980
-	1	17,856
<u>782</u>	<u>9,456</u>	<u>828,752</u>
-	-	3,984
-	-	209,439
-	100	100
-	-	329,736
544,039	-	560,239
<u>544,039</u>	<u>100</u>	<u>1,103,498</u>
<u>(543,257)</u>	<u>9,356</u>	<u>(274,746)</u>
<u>125,000</u>	<u>-</u>	<u>125,000</u>
(418,257)	9,356	(149,746)
<u>437,743</u>	<u>1,230</u>	<u>1,589,551</u>
<u>\$ 19,486</u>	<u>\$ 10,586</u>	<u>\$ 1,439,805</u>

CHARTER TOWNSHIP OF OXFORD
Component Unit - Polly Ann Trailway Management Council
Balance Sheet
December 31, 2015

Assets

Cash	\$	<u>83,078</u>
------	----	---------------

Liabilities and Fund Balance

Liabilities:

Accounts Payable	\$	1,500
------------------	----	-------

Fund Balance		<u>81,578</u>
--------------	--	---------------

Total Liabilities and Fund Balance	\$	<u>83,078</u>
------------------------------------	----	---------------

Reconciliation to Statement of Net Position (page 10):

Fund Balance at December 31, 2015	\$	81,578
-----------------------------------	----	--------

Capital Assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		<u>40,510</u>
---	--	---------------

Net Position of Governmental Activities-Component Unit	\$	<u>122,088</u>
--	----	----------------

CHARTER TOWNSHIP OF OXFORD
Component Unit - Polly Ann Trailway Management Council
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Contributions - Orion Township	\$ 13,643	\$ 13,643	\$ 13,643	\$ -
Contributions - Oxford Township	9,838	9,838	9,838	-
Contributions - Village of Oxford	2,093	2,093	2,093	-
Contributions - Addison Township	7,749	7,749	7,749	-
Grants	5,000	5,000	-	(5,000)
Donations	6,677	6,677	5,429	(1,248)
Interest Income	90	90	59	(31)
Total Revenues	45,090	45,090	38,811	(6,279)
<u>Expenditures</u>				
Contracted Services	16,000	16,000	12,425	3,575
Professional Services	1,200	1,200	1,500	(300)
Insurance	3,000	3,000	2,187	813
Telephone	300	300	80	220
Utilities	200	350	218	132
Grounds Maintenance	11,203	9,074	5,466	3,608
Equipment and Hardware	1,000	6,629	4,197	2,432
Advertising and Web	350	350	177	173
Miscellaneous	4,927	4,927	1,643	3,284
Contingency	6,910	3,260	-	3,260
Total Expenditures	45,090	45,090	27,893	17,197
Net Change in Fund Balance	\$ -	\$ -	10,918	\$ 10,918
Fund Balance - Beginning			70,660	
Fund Balance - Ending			\$ 81,578	
<u>Reconciliation to Statement of Activities (pages 11-12):</u>				
Net Change in Fund Balance at December 31, 2015			\$ 10,918	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents capital outlay in excess of depreciation in the current period.				
Depreciation Expense			(5,241)	
Change in Net Position-Component Unit			\$ 5,677	

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.
Robert J. Sheu, C.P.A.

April 28, 2016

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, 2015, and have issued our report thereon dated April 28, 2016. 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 February 1, 2016, 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 February 5, 2016.

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 2015, the Township implemented GASB Statement No. 68, which recognizes a net pension liability on the government-wide statements. 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 April 28, 2016.

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 that reads "PSLZ LLP". The letters are stylized and slanted to the right.

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.
Robert J. Sheu, C.P.A.

April 28, 2016

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, 2015 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.

Other Accounting Issues

The Township implemented GASB No. 68 in the current year, which reflects the net pension liability for the Township's fire department defined benefit plan (MERS plan). Although the Township has been contributing 100% of the actuarial required contribution, the defined benefit pension plan's funded percentage has declined over the past 10 years from approximately 77% funded in 2005 to 62% funded in 2015. This is primarily a direct impact of the investment rate of return fluctuations during that time period and the addition of fire employees due to growth in the Township. We recommend that the Township monitor the funded status of the defined benefit plan annually, and consider making contributions in addition to the actuarially required contributions on either a monthly or annually basis to keep the funded percentage from declining further. These additional contributions should be budgeted as expenditures in the fire millage fund.

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", written in a cursive, stylized font.

PSLZ LLP
Certified Public Accountants