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# Charter Township of White Lake

Oakland County, Michigan

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**Financial Report**  
**with Supplemental Information**  
**December 31, 2019**

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## Independent Auditor's Report

To the Township Board of Trustees  
Charter Township of White Lake

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of White Lake (the "Township") as of and for the ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Charter Township of White Lake's basic financial statements, as listed in the table of contents.

#### *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 from material misstatement.

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

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of White Lake as of December 31, 2019 and the respective changes in its 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 Note 12 to the basic financial statements, during the year ended December 31, 2019, the Township adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which provides guidance on the identification and reporting of fiduciary activities. Our opinion is not modified with respect to this matter.

To the Township Board of Trustees  
Charter Township of White Lake

**Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental 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, which 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 supplemental 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 an opinion on the financial statements that collectively comprise the Charter Township of White Lake's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.



May 8, 2020

As management of the Charter Township of White Lake (the "Township"), we offer readers this narrative overview and analysis of the financial activities for the year ended December 31, 2019.

### ***Using This Annual Report***

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell the reader how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

### ***Government-wide Overall Financial Analysis***

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$44,277,316 at the close of the most recent fiscal year.

## Charter Township of White Lake

### Management's Discussion and Analysis (Continued)

#### The Township's Net Position

The following tables show, in a condensed format, the current year's net position and changes in net position, compared to the prior year:

	Governmental Activities			
	2018	2019	Change	Percent Change
<b>Assets</b>				
Current and other assets	\$ 48,858,034	\$ 50,605,812	\$ 1,747,778	3.6
Capital assets	19,817,859	21,621,902	1,804,043	9.1
Total assets	68,675,893	72,227,714	3,551,821	5.2
<b>Deferred Outflows of Resources</b>	2,008,985	3,212,674	1,203,689	59.9
<b>Liabilities</b>				
Current liabilities	2,069,076	1,725,312	(343,764)	(16.6)
Noncurrent liabilities	27,362,984	26,729,585	(633,399)	(2.3)
Total liabilities	29,432,060	28,454,897	(977,163)	(3.3)
<b>Deferred Inflows of Resources</b>	12,537,697	14,669,460	2,131,763	17.0
<b>Net Position</b>				
Net investment in capital assets	18,290,845	20,425,656	2,134,811	11.7
Restricted	18,159,904	13,921,667	(4,238,237)	(23.3)
Unrestricted	(7,735,628)	(2,031,292)	5,704,336	(73.7)
Total net position	<b>\$ 28,715,121</b>	<b>\$ 32,316,031</b>	<b>\$ 3,600,910</b>	12.5

	Business-type Activities			
	2018	2019	Change	Percent Change
<b>Assets</b>				
Current and other assets	\$ 5,142,870	\$ 5,208,115	\$ 65,245	1.3
Capital assets	8,085,560	7,994,940	(90,620)	(1.1)
Total assets	13,228,430	13,203,055	(25,375)	(0.2)
<b>Deferred Outflows of Resources</b>	23,290	34,011	10,721	46.0
<b>Liabilities</b>				
Current liabilities	79,658	75,717	(3,941)	(4.9)
Noncurrent liabilities	1,253,089	1,129,871	(123,218)	(9.8)
Total liabilities	1,332,747	1,205,588	(127,159)	(9.5)
<b>Deferred Inflows of Resources</b>	4,084	70,193	66,109	1,618.7
<b>Net Position</b>				
Net investment in capital assets	7,262,001	7,233,266	(28,735)	(0.4)
Unrestricted	4,652,888	4,728,019	75,131	1.6
Total net position	<b>\$ 11,914,889</b>	<b>\$ 11,961,285</b>	<b>\$ 46,396</b>	0.4

The Township's governmental activities net position was \$32.3 million at the close of the year ended December 31, 2019, which was an increase from December 31, 2018 of approximately \$3,601,000 million. The increase was primarily due to the purchase of land by the Township.

The Township's business-type activity consists of the Water Fund. The change in net position from December 31, 2018 was an increase of approximately \$46,000, which was primarily due to payments made on long-term debt.

# Charter Township of White Lake

## Management's Discussion and Analysis (Continued)

### The Township's Changes in Net Position

The following tables show, in a condensed format, changes in net position compared to the prior year:

	Governmental Activities			
	2018	2019	Change	Percent Change
<b>Revenue</b>				
Program revenue:				
Charges for services	\$ 4,605,347	\$ 5,228,202	\$ 622,855	13.5
Operating grants	335,831	290,623	(45,208)	(13.5)
Capital grants	1,521,669	2,336,610	814,941	53.6
General revenue:				
Taxes	9,216,156	10,332,926	1,116,770	12.1
Intergovernmental	2,688,911	2,762,832	73,921	2.7
Investment earnings	364,616	596,206	231,590	63.5
Other revenue	992,059	1,169,580	177,521	17.9
Total revenue	19,724,589	22,716,979	2,992,390	15.2
<b>Expenses</b>				
General government	3,046,469	4,109,995	1,063,526	34.9
Public safety	9,388,506	9,218,734	(169,772)	(1.8)
Public works	4,156,475	4,499,287	342,812	8.2
Health and welfare	148,084	131,643	(16,441)	(11.1)
Community and economic development	403,111	445,601	42,490	10.5
Recreation and culture	334,123	315,005	(19,118)	(5.7)
Debt service	181,939	395,804	213,865	117.5
Total expenses	17,658,707	19,116,069	1,457,362	8.3
<b>Change in Net Position</b>	2,065,882	3,600,910	1,535,028	74.3
<b>Net Position - Beginning of year</b>	26,649,239	28,715,121	2,065,882	7.8
<b>Net Position - End of year</b>	<b>\$ 28,715,121</b>	<b>\$ 32,316,031</b>	<b>\$ 3,600,910</b>	12.5

	Business-type Activities			
	2018	2019	Change	Percent Change
<b>Revenue</b>				
Program revenue:				
Charges for services	\$ 1,055,784	\$ 1,011,025	\$ (44,759)	(4.2)
Capital grants and collection fees	90,993	58,454	(32,539)	(35.8)
General revenue	57,892	75,550	17,658	30.5
Total revenue	1,204,669	1,145,029	(59,640)	(5.0)
<b>Expenses - Program expenses</b>	1,114,358	1,098,633	(15,725)	(1.4)
<b>Change in Net Position</b>	90,311	46,396	(43,915)	(48.6)
<b>Net Position - Beginning of year</b>	11,824,578	11,914,889	90,311	0.8
<b>Net Position - End of year</b>	<b>\$ 11,914,889</b>	<b>\$ 11,961,285</b>	<b>\$ 46,396</b>	0.4

Governmental activities revenue was approximately \$22,717,000 for the year ended December 31, 2019, an increase of approximately \$2,992,000 over 2018. Of this revenue, 45 percent was obtained through property taxes, 12 percent from state-shared revenue, and 23 percent for fees charged for services. Total governmental activities expenditures were approximately \$19,116,000, an increase of approximately \$1,457,000 over 2018. The primary causes of the increase was related to public works expenditures.

## Charter Township of White Lake

### Management's Discussion and Analysis (Continued)

Business-type activities revenue was approximately \$1,145,000 for the year ended December 31, 2019. Charges for services represented 88 percent of total revenue. At December 31, 2019, the Township was providing water to 2,090 customers. The primary cause of decreased revenue in 2019 was a decrease in water usage by customers. Business-type activities expenditures were approximately \$1,099,000, a decrease of approximately \$16,000 over 2018. The primary causes for the decrease in expenditures was due to a decrease in liability insurance premiums and reduction of facility maintenance cost as major repairs have been completed.

#### ***Financial Analysis of Individual Funds***

The analysis of the Township's major funds begins on page 11, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The township board creates funds to help manage money for specific purposes and to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2019 include the General Fund, the Fire Fund, the Police Fund, the Solid Waste Special Assessment Fund, and the Library Construction Fund.

The General Fund is the main operating fund of the Township. Total revenue and other financing sources for the year were approximately \$6,475,000. Of this revenue, state-shared revenue accounted for 48 percent, and property taxes accounted for 18 percent. Total expenditures and other financing uses for the year were approximately \$5,752,000. At December 31, 2019, the unassigned fund balance of \$1,266,315 represented 22 percent of the total General Fund expenditures and other financing uses for the year. The increase in fund balance is primarily due to the increase in property tax values and interest income.

The Fire Fund is used to account for fire services to township residents. Total revenue and other financing sources for the year were approximately \$3,398,000. Of this revenue, property taxes accounted for 95 percent. Total expenditures for the year were approximately \$3,498,000. The fund balance of \$5,614,628 is restricted for future fire operating costs, equipment acquisitions, and new personnel.

The Police Fund is used to account for police services to township residents. Total revenue and other financing sources for the year were approximately \$5,708,000. Of this revenue, property taxes accounted for 92 percent. Total expenditures for the year were approximately \$5,528,000. The fund balance of \$3,596,786 is restricted for future police operating costs.

The Solid Waste Special Assessment Fund is used to account for the solid waste of the Township. Total revenue and other financing sources for the year were approximately \$1,764,000 and were earned through special assessment charges. The fund balance of \$167,508 is restricted for solid waste expenditures.

The Library Construction Fund is used to account for capital projects. Total revenue and other financing sources for the year were approximately \$18,000, which primarily represents interest income. The fund balance of \$100 as of December 31, 2019 is to allow the Township to keep the fund active for potential new construction projects.

#### ***Capital Assets and Debt Administration***

At the end of 2019, the Township had \$29,616,842 invested in a broad range of capital assets (net of accumulated depreciation), including buildings, police and fire equipment, and water and sewer lines. In addition, the Township has invested significantly in roads and related infrastructure within the Township. Although these roads are the property of the Oakland County Road Commission (along with the responsibility of maintaining them), the Township has invested in their construction and maintenance.

The Township's total long-term indebtedness as of December 31, 2019 is \$10,605,654. Of this amount, \$9,313,674 represents governmental general obligation bonds; \$103,600 represents a loan from Oakland County, Michigan; \$710,000 represents a loan from the State of Michigan's Drinking Water Revolving Fund; \$336,720 represents special assessment bonds; \$124,060 represents accumulated compensated absences; and \$17,600 represents governmental capital leases.



## **Charter Township of White Lake**

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### **Management's Discussion and Analysis (Continued)**

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#### ***Economic Factors and Next Year's Budgets and Rates***

The Township's budget for 2020 is reflective of anticipated revenue and costs. The Township has taken into consideration changes in the economy for housing values and sales taxes and their impact on revenue. The Township has budgeted for continuing to aggressively fund the retirement pension and health insurance liabilities.

The 2019 audit was completed during the COVID-19 pandemic and the shutdown that came along with it. COVID-19 will financially impact subsequent periods of the Township. The impact on the Township's future operating costs, revenue, and investment portfolios within the Township's pension and OPEB plans cannot be estimated at this time.

#### ***Requests for Further Information***

This financial report is intended to provide citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions or concerns about this report or need additional information, contact the clerk's office at the Charter Township of White Lake, 7525 Highland Road, White Lake, MI 48383.

# Charter Township of White Lake

## Statement of Net Position

December 31, 2019

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 34,860,928	\$ 2,226,164	\$ 37,087,092
Receivables:			
Property taxes receivable	4,549,081	40,637	4,589,718
Special assessments receivable	1,472,029	222,472	1,694,501
Receivables from sales to customers on account	-	252,034	252,034
Accrued interest receivable	10,523	4,424	14,947
Other receivables	264,057	11,930	275,987
Due from other governmental units	846,928	-	846,928
Internal balances	(106,408)	106,408	-
Prepaid expenses and other assets	185,000	-	185,000
Library receivable	8,523,674	-	8,523,674
Restricted assets	-	2,344,046	2,344,046
Capital assets: (Note 3)			
Assets not subject to depreciation	4,692,876	345,953	5,038,829
Assets subject to depreciation - Net	16,929,026	7,648,987	24,578,013
<b>Total assets</b>	<b>72,227,714</b>	<b>13,203,055</b>	<b>85,430,769</b>
<b>Deferred Outflows of Resources</b>			
Deferred pension costs (Note 8)	3,190,902	33,134	3,224,036
Deferred OPEB costs (Note 9)	21,772	877	22,649
<b>Total deferred outflows of resources</b>	<b>3,212,674</b>	<b>34,011</b>	<b>3,246,685</b>
<b>Liabilities</b>			
Accounts payable	559,842	61,214	621,056
Due to other governmental units	360	-	360
Refundable deposits, bonds, etc.	865,302	-	865,302
Accrued liabilities and other	299,808	14,503	314,311
Noncurrent liabilities:			
Due within one year:			
Compensated absences (Note 5)	24,812	-	24,812
Current portion of long-term debt (Note 5)	561,091	61,885	622,976
Due in more than one year:			
Compensated absences (Note 5)	99,248	-	99,248
Net pension liability (Note 8)	10,403,058	106,849	10,509,907
Net OPEB liability (Note 9)	6,482,547	261,348	6,743,895
Long-term debt (Note 5)	9,158,829	699,789	9,858,618
<b>Total liabilities</b>	<b>28,454,897</b>	<b>1,205,588</b>	<b>29,660,485</b>
<b>Deferred Inflows of Resources</b>			
Property taxes and special assessments levied for the following year	12,833,636	-	12,833,636
Deferred pension cost reductions (Note 8)	201,057	4,286	205,343
Deferred OPEB cost reductions (Note 9)	1,634,767	65,907	1,700,674
<b>Total deferred inflows of resources</b>	<b>14,669,460</b>	<b>70,193</b>	<b>14,739,653</b>
<b>Net Position</b>			
Net investment in capital assets	20,425,656	7,233,266	27,658,922
Restricted:			
Debt service	1,081,299	-	1,081,299
Fire	5,614,628	-	5,614,628
Police	3,596,786	-	3,596,786
Parks and recreation	450,540	-	450,540
Drug law enforcement	143,886	-	143,886
Building activity	1,785,112	-	1,785,112
Solid waste	167,508	-	167,508
Sewer	1,009,672	-	1,009,672
Public access programming	72,236	-	72,236
Unrestricted	(2,031,292)	4,728,019	2,696,727
<b>Total net position</b>	<b>\$ 32,316,031</b>	<b>\$ 11,961,285</b>	<b>\$ 44,277,316</b>

# Charter Township of White Lake

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,109,995	\$ 586,239	\$ 105,027	\$ -
Public safety	9,218,734	819,178	34,233	-
Public works	4,499,287	3,810,575	84,830	964,210
Health and welfare	131,643	-	66,533	-
Community and economic development	445,601	7,650	-	-
Recreation and culture	315,005	4,560	-	1,372,400
Interest on long-term debt	395,804	-	-	-
Total governmental activities	19,116,069	5,228,202	290,623	2,336,610
Business-type activities - Water	1,098,633	1,011,025	-	58,454
Total primary government	<b>\$ 20,214,702</b>	<b>\$ 6,239,227</b>	<b>\$ 290,623</b>	<b>\$ 2,395,064</b>

General revenue:
Property taxes
State-shared revenue
Investment income
Cable franchise fees
Gain on sale of fixed assets
Other miscellaneous income
Total general revenue

### Change in Net Position

**Net Position** - Beginning of year

**Net Position** - End of year

## Statement of Activities

**Year Ended December 31, 2019**

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (3,418,729)	\$ -	\$ (3,418,729)
(8,365,323)	-	(8,365,323)
360,328	-	360,328
(65,110)	-	(65,110)
(437,951)	-	(437,951)
1,061,955	-	1,061,955
(395,804)	-	(395,804)
(11,260,634)	-	(11,260,634)
-	(29,154)	(29,154)
(11,260,634)	(29,154)	(11,289,788)
10,332,926	-	10,332,926
2,762,832	-	2,762,832
596,206	75,550	671,756
506,638	-	506,638
54,422	-	54,422
608,520	-	608,520
14,861,544	75,550	14,937,094
3,600,910	46,396	3,647,306
28,715,121	11,914,889	40,630,010
<b>\$ 32,316,031</b>	<b>\$ 11,961,285</b>	<b>\$ 44,277,316</b>

# Charter Township of White Lake

## Governmental Funds Balance Sheet

December 31, 2019

	Special Revenue Funds				Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
	General Fund	Fire Fund	Police Fund	Solid Waste Special Assessment Fund	Library Construction Fund		
<b>Assets</b>							
Cash and investments	\$ 10,929,385	\$ 7,735,812	\$ 7,052,787	\$ 1,463,480	\$ 100	\$ 7,679,364	\$ 34,860,928
Receivables:							
Property taxes receivable	613,494	1,364,229	2,217,504	-	-	353,854	4,549,081
Special assessments receivable	-	-	-	597,199	-	874,830	1,472,029
Accrued interest receivable	-	-	-	-	-	10,523	10,523
Other receivables	164,128	24,962	71,879	-	-	3,088	264,057
Due from other governmental units	555,691	-	12,643	-	-	278,594	846,928
Due from other funds (Note 4)	150,124	-	-	-	-	627	150,751
Prepaid expenses and other assets	185,000	-	-	-	-	-	185,000
<b>Total assets</b>	<b>\$ 12,597,822</b>	<b>\$ 9,125,003</b>	<b>\$ 9,354,813</b>	<b>\$ 2,060,679</b>	<b>\$ 100</b>	<b>\$ 9,200,880</b>	<b>\$ 42,339,297</b>
<b>Liabilities</b>							
Accounts payable	\$ 199,457	\$ 61,187	\$ 101,683	\$ -	\$ -	\$ 197,515	\$ 559,842
Due to other governmental units	360	-	-	-	-	-	360
Due to other funds (Note 4)	627	-	-	83,610	-	172,922	257,159
Refundable deposits, bonds, etc.	865,302	-	-	-	-	-	865,302
Accrued liabilities and other	44,088	55,608	100,929	-	-	1,422	202,047
<b>Total liabilities</b>	<b>1,109,834</b>	<b>116,795</b>	<b>202,612</b>	<b>83,610</b>	<b>-</b>	<b>371,859</b>	<b>1,884,710</b>
<b>Deferred Inflows of Resources</b>							
Unavailable special assessment revenue	-	-	-	-	-	819,239	819,239
Property taxes and special assessments levied for the following year	1,296,329	3,368,618	5,483,624	1,809,561	-	875,504	12,833,636
Unavailable grant revenue	-	-	-	-	-	128,952	128,952
Other unavailable revenue	66,141	24,962	71,791	-	-	3,087	165,981
<b>Total deferred inflows of resources</b>	<b>1,362,470</b>	<b>3,393,580</b>	<b>5,555,415</b>	<b>1,809,561</b>	<b>-</b>	<b>1,826,782</b>	<b>13,947,808</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>2,472,304</b>	<b>3,510,375</b>	<b>5,758,027</b>	<b>1,893,171</b>	<b>-</b>	<b>2,198,641</b>	<b>15,832,518</b>
<b>Fund Balances</b>							
Nonspendable - Prepays	185,000	-	-	-	-	-	185,000
Restricted:							
Police	-	-	3,596,786	-	-	-	3,596,786
Fire	-	5,614,628	-	-	-	-	5,614,628
Debt service	-	-	-	-	-	735,851	735,851
Sewer	-	-	-	-	-	880,720	880,720
Solid waste	-	-	-	167,508	-	-	167,508
Drug law enforcement	-	-	-	-	-	143,886	143,886
Building activity	-	-	-	-	-	1,783,526	1,783,526
Parks and recreation	-	-	-	-	-	449,039	449,039
Public access programming	72,236	-	-	-	-	-	72,236
Assigned:							
Subsequent year's budget	1,286,967	-	-	-	-	-	1,286,967
Sewer debt service	-	-	-	-	-	29,986	29,986
Road improvements	2,500,000	-	-	-	-	-	2,500,000
Capital projects	4,000,000	-	-	-	100	2,979,231	6,979,331
OPEB contribution	800,000	-	-	-	-	-	800,000
Election equipment	15,000	-	-	-	-	-	15,000
Unassigned	1,266,315	-	-	-	-	-	1,266,315
<b>Total fund balances</b>	<b>10,125,518</b>	<b>5,614,628</b>	<b>3,596,786</b>	<b>167,508</b>	<b>100</b>	<b>7,002,239</b>	<b>26,506,779</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 12,597,822</b>	<b>\$ 9,125,003</b>	<b>\$ 9,354,813</b>	<b>\$ 2,060,679</b>	<b>\$ 100</b>	<b>\$ 9,200,880</b>	<b>\$ 42,339,297</b>

# Charter Township of White Lake

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2019

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 26,506,779</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	21,621,902
Special assessments and grant revenue that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	1,114,172
Long-term receivables are not receivable in the current period and are not reported in the funds	8,523,674
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(9,719,920)
Accrued interest is not due and payable in the current period and is not reported in the funds	(97,761)
Compensated absences are not due and payable in the current period and are not reported in the funds	(124,060)
Net pension liability is not due and payable in the current period and is not reported in the funds	(10,403,058)
Net OPEB liability does not present a claim on current financial resources and is not reported as fund liabilities	(6,482,547)
Deferred outflows related to pensions are not recorded in the funds	3,190,902
Deferred outflows related to OPEB are not recorded in the funds	21,772
Deferred inflows related to pensions are not recorded in the funds	(201,057)
Deferred inflows related to OPEB are not recorded in the funds	(1,634,767)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 32,316,031</u></b>

# Charter Township of White Lake

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances

**Year Ended December 31, 2019**

	Special Revenue Funds				Capital Projects Fund		Total Governmental Funds
	General Fund	Fire Fund	Police Fund	Solid Waste Special Assessment Fund	Library Construction Fund	Nonmajor Funds	
<b>Revenue</b>							
Property taxes	\$ 1,187,793	\$ 3,216,826	\$ 5,241,639	\$ -	\$ -	\$ 686,668	\$ 10,332,926
Special assessments	21,150	-	-	1,755,817	-	235,058	2,012,025
Intergovernmental:							
Federal grants	5,527	16,910	12,214	-	-	66,533	101,184
State-shared revenue and grants	3,107,780	-	4,552	-	-	1,457,230	4,569,562
Local grants and contributions -							
Operating grants	-	-	-	-	-	5,109	5,109
Charges for services	69,842	3,451	14,240	-	-	2,313,939	2,401,472
Fines and forfeitures	-	-	159,964	-	-	6,652	166,616
Licenses and permits:							
Cable franchise fees	506,638	-	-	-	-	-	506,638
Other licenses and permits	518,728	9,495	16,158	-	-	630,486	1,174,867
Interest and rentals	229,264	140,960	112,039	8,544	18,307	144,527	653,641
Other revenue	410,101	5,942	97,466	-	-	12,681	526,190
Total revenue	6,056,823	3,393,584	5,658,272	1,764,361	18,307	5,558,883	22,450,230
<b>Expenditures</b>							
Current:							
General government	3,599,963	929	1,310	-	-	460	3,602,662
Public safety	105,343	3,497,090	5,526,295	-	-	585,050	9,713,778
Public works	230,483	-	-	1,748,105	385	2,266,649	4,245,622
Health and welfare	122,994	-	-	-	-	-	122,994
Community and economic development	337,169	-	-	-	-	66,533	403,702
Recreation and culture	225,990	-	-	-	3,302,479	1,950,303	5,478,772
Debt service	6,228	-	-	-	-	717,374	723,602
Total expenditures	4,628,170	3,498,019	5,527,605	1,748,105	3,302,864	5,586,369	24,291,132
<b>Excess of Revenue Over (Under) Expenditures</b>	1,428,653	(104,435)	130,667	16,256	(3,284,557)	(27,486)	(1,840,902)
<b>Other Financing Sources (Uses)</b>							
Transfers in	400,000	-	-	-	-	609,349	1,009,349
Transfers out	(609,349)	-	-	-	-	(400,000)	(1,009,349)
Face value of debt issued	17,600	-	-	-	-	-	17,600
Payment to bond refunding escrow agent	(514,145)	-	-	-	-	-	(514,145)
Sale of capital assets	355	4,001	50,066	-	-	-	54,422
Total other financing (uses) sources	(705,539)	4,001	50,066	-	-	209,349	(442,123)
<b>Net Change in Fund Balances</b>	723,114	(100,434)	180,733	16,256	(3,284,557)	181,863	(2,283,025)
<b>Fund Balances - Beginning of year</b>	9,402,404	5,715,062	3,416,053	151,252	3,284,657	6,820,376	28,789,804
<b>Fund Balances - End of year</b>	\$ 10,125,518	\$ 5,614,628	\$ 3,596,786	\$ 167,508	\$ 100	\$ 7,002,239	\$ 26,506,779

## Charter Township of White Lake

### Governmental Funds

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

Year Ended December 31, 2019

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ (2,283,025)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	2,840,566
Depreciation expense	(1,035,992)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	284,539
Capital lease proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(17,600)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	348,968
Change in accrued interest payable and other	44,307
Increases in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment	(2,201)
The change in the net pension liability is recorded when incurred in the statement of activities	(2,528,853)
The change in net other postemployment benefit obligations are not reported as fund liabilities	2,833,684
Change in deferred outflows related to pensions	1,413,147
Change in deferred outflows related to OPEB	(209,458)
Change in deferred inflows related to pensions	310,593
Change in deferred inflows related to OPEB	(1,634,767)
Change in lease receivable	3,237,002
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 3,600,910</u></b>



# Charter Township of White Lake

## Proprietary Funds Statement of Net Position

December 31, 2019

	Enterprise Fund - Water Fund
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 2,226,164
Receivables:	
Property taxes receivable	40,637
Special assessments receivable - Current portion	26,470
Receivables from sales to customers on account	252,034
Accrued interest receivable	4,424
Other receivables	11,930
Due from other funds (Note 4)	<u>151,272</u>
Total current assets	2,712,931
Noncurrent assets:	
Restricted assets	2,344,046
Special assessment receivables - Greater than one year	196,002
Capital assets: (Note 3)	
Assets not subject to depreciation	345,953
Assets subject to depreciation - Net	<u>7,648,987</u>
Total noncurrent assets	<u>10,534,988</u>
Total assets	13,247,919
<b>Deferred Outflows of Resources</b>	
Deferred pension costs (Note 8)	33,134
Deferred OPEB costs (Note 9)	<u>877</u>
Total deferred outflows of resources	34,011
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	61,214
Due to other funds (Note 4)	44,864
Accrued liabilities and other	14,503
Current portion of long-term debt (Note 5)	<u>61,885</u>
Total current liabilities	182,466
Noncurrent liabilities:	
Net pension liability (Note 8)	106,849
Net OPEB liability (Note 9)	261,348
Long-term debt (Note 5)	<u>699,789</u>
Total noncurrent liabilities	<u>1,067,986</u>
Total liabilities	1,250,452
<b>Deferred Inflows of Resources</b>	
Deferred pension cost reductions (Note 8)	4,286
Deferred OPEB cost reductions	<u>65,907</u>
Total deferred inflows of resources	<u>70,193</u>
<b>Net Position</b>	
Net investment in capital assets	7,233,266
Unrestricted	<u>4,728,019</u>
Total net position	<u><u>\$ 11,961,285</u></u>

See notes to financial statements.

# Charter Township of White Lake

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

Year Ended December 31, 2019

	Enterprise Fund - Water Fund
<b>Operating Revenue</b>	
Sale of water	\$ 999,842
Interest and penalty charges	9,758
Installation fees	1,425
	<hr/>
Total operating revenue	1,011,025
<b>Operating Expenses</b>	
Salaries and wages	149,896
Fringe benefits	222,830
Workers' compensation and general liability insurance	31,780
Other operating expenses	87,905
Utilities	69,939
Tools and supplies	79,978
Repairs and maintenance	93,526
Depreciation	343,397
	<hr/>
Total operating expenses	1,079,251
<b>Operating Loss</b>	(68,226)
<b>Nonoperating Revenue (Expense)</b>	
Investment income	75,550
Interest expense	(19,382)
	<hr/>
Total nonoperating revenue	56,168
<b>Loss - Before capital contributions</b>	(12,058)
<b>Capital Contributions - Tap-in and recovery fees</b>	58,454
	<hr/>
<b>Change in Net Position</b>	46,396
<b>Net Position - Beginning of year</b>	11,914,889
	<hr/>
<b>Net Position - End of year</b>	<b>\$ 11,961,285</b>

# Charter Township of White Lake

## Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2019

	Enterprise Fund - Water Fund
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 1,049,289
Payments from interfund services and reimbursements	(4,877)
Payments to suppliers	(363,954)
Payments to employees and fringes	(381,407)
Other payments	(1,687)
	<hr/>
Net cash and cash equivalents provided by operating activities	297,364
<b>Cash Flows from Capital and Related Financing Activities</b>	
Special assessment collections	39,378
Tap-in fees	58,454
Purchase of capital assets	(252,777)
Principal and interest paid on capital debt	(81,646)
	<hr/>
Net cash and cash equivalents used in capital and related financing activities	(236,591)
<b>Cash Flows Provided by Investing Activities - Interest received on investments</b>	<hr/> 75,919
<b>Net Increase in Cash and Cash Equivalents</b>	136,692
<b>Cash and Cash Equivalents - Beginning of year</b>	<hr/> 4,433,518
<b>Cash and Cash Equivalents - End of year</b>	<b><u><u>\$ 4,570,210</u></u></b>
<b>Classification of Cash and Cash Equivalents</b>	
Cash and investments	\$ 2,226,164
Restricted cash	2,344,046
	<hr/>
Total cash and cash equivalents	<b><u><u>\$ 4,570,210</u></u></b>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>	
Operating loss	\$ (68,226)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	343,397
Changes in assets and liabilities:	
Receivables	36,577
Due to and from other funds	(4,877)
Net pension or OPEB liability	(4,224)
Accounts payable	(6,490)
Accrued and other liabilities	1,207
	<hr/>
Total adjustments	365,590
	<hr/>
Net cash and cash equivalents provided by operating activities	<b><u><u>\$ 297,364</u></u></b>

**Charter Township of White Lake**

**Fiduciary Funds  
Statement of Fiduciary Net Position**

**December 31, 2019**

	Other Postemployment Benefits Fund	Custodial Funds	Total Fiduciary Funds
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 1,292,279	\$ 1,292,279
Interest in pooled investments (Note 2)	<u>4,065,552</u>	<u>-</u>	<u>4,065,552</u>
Total assets	4,065,552	1,292,279	5,357,831
<b>Liabilities</b>			
Due to other governmental units	-	1,601	1,601
Refundable deposits, bonds, etc.	-	55,496	55,496
Unremitted tax collections	<u>-</u>	<u>644,243</u>	<u>644,243</u>
Total liabilities	<u>-</u>	<u>701,340</u>	<u>701,340</u>
<b>Net Position</b>			
Restricted:			
Postemployment benefits other than pension (Note 2)	4,065,552	-	4,065,552
Individuals, organizations, and other governments	<u>-</u>	<u>590,939</u>	<u>590,939</u>
Total net position	<u><u>\$ 4,065,552</u></u>	<u><u>\$ 590,939</u></u>	<u><u>\$ 4,656,491</u></u>

**Charter Township of White Lake**

**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**

**Year Ended December 31, 2019**

	Other Postemployment Benefits Fund	Custodial Funds	Total Fiduciary Funds
<b>Additions</b>			
Investment income	\$ 447,964	\$ -	\$ 447,964
Contributions	1,297,397	356,476	1,653,873
Property tax collections	-	32,028,242	32,028,242
Total additions	1,745,361	32,384,718	34,130,079
<b>Deductions</b>			
Benefit payments	532,397	-	532,397
Administrative expenses	6,353	15,415	21,768
Repairs and maintenance	-	325,104	325,104
Tax payments to other governments	-	32,028,242	32,028,242
Total deductions	538,750	32,368,761	32,907,511
<b>Net Increase in Fiduciary Net Position</b>	1,206,611	15,957	1,222,568
<b>Net Position - Beginning of year - As restated (Note 12)</b>	2,858,941	574,982	3,433,923
<b>Net Position - End of year</b>	<b>\$ 4,065,552</b>	<b>\$ 590,939</b>	<b>\$ 4,656,491</b>

**Note 1 - Significant Accounting Policies**

***Reporting Entity***

The Charter Township of White Lake (the "Township") is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its blended component unit, an entity for which the Township is considered to be financially accountable. Blended component units are, in substance, part of the Township's operations, even though they are separate legal entities. Thus, blended component units are appropriately presented as funds of the Township.

***Blended Component Unit***

The Township Building Authority is governed by a board appointed by the Township's governing body. Although it is legally separate from the Township, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the Township's public buildings.

For the Other Postemployment Benefits Fund, management of the OPEB plan is vested in the pension board, which consists of seven members - three elected by plan members, three appointed by the Township, and the Township treasurer, who serves as an ex officio member. Although it is legally separate from the Township, it is reported as a fiduciary component unit because the Township appoints a voting majority to the pension board and the plan imposes a financial burden on the Township.

***Accounting and Reporting Principles***

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

***Fund Accounting***

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

***Governmental Funds***

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Fire Fund is used by the Township to account for the assets and operation of the fire department that are financed primarily by dedicated property taxes.
- The Police Fund is used by the Township to account for the assets and operation of the police department that are financed primarily by dedicated property taxes.
- The Solid Waste Special Assessment Fund is a special revenue fund used to account for the collection of special assessments and the payment for the disposal of the Township's solid waste.
- The Library Construction Fund is a capital projects fund used to account for the collection of special assessments and the expenditures related to construction projects. During the current year, this fund was used to record the revenue and expenditures related to the library construction project.

**Note 1 - Significant Accounting Policies (Continued)**

**Proprietary Funds**

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

- The Water Fund accounts for the operation, maintenance, and distribution of the water system.

**Fiduciary Funds**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include the following:

- The Other Postemployment Benefits Fund accumulates resources for future retiree healthcare payments to retirees.
- The Tax Collection Fund collects taxes on behalf of all the taxing authorities (state, county, school district, township, and the various smaller authorities) and remits the taxes to each authority.
- Various escrow funds for township lakes receive contributions for the maintenance of these lakes.

**Interfund Activity**

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

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

**Basis of Accounting**

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

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

**Note 1 - Significant Accounting Policies (Continued)**

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

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

***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

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

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

***Specific Balances and Transactions***

**Cash and Cash Equivalents**

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

**Investments**

Investments are reported at fair value or estimated fair value. Pooled investment income from the General Fund is generally allocated to each fund using a weighted average.



**Note 1 - Significant Accounting Policies (Continued)**

**Receivables and Payables**

In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are considered fully collectible by the Township. No provision has been made in the financial statements for noncollection.

**Library Receivable**

During 2018, the Township issued debt on behalf of the White Lake Township Library (the "Library") to construct a new library facility. The Township is collecting a debt millage on behalf of the Library, which will be used to pay the debt principal and interest payments as they come due. Since the building is an asset of the Library, the Township will record a receivable from the Library until the debt is paid off. Payments on the Library debt commence on March 1, 2020 and are due annually through March 1, 2038.

**Restricted Assets**

Certain township ordinances require amounts to be set aside for debt service principal and interest, operations and maintenance, and improvements and replacement of the water system. These amounts, which consist of cash and investments, have been classified as restricted assets.

**Capital Assets**

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, drains, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

	<u>Depreciable Life - Years</u>
Water system	50
Sewer system	50
Machinery and equipment	5-20
Buildings and improvements	5-20
Furniture and equipment	5-20
Vehicles	5-12

**Long-term Obligations**

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

**Note 1 - Significant Accounting Policies (Continued)**

**Deferred Outflows/Inflows of Resources**

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

The Township reports deferred outflows of resources related to the defined benefit pension plan and the OPEB plan. The deferred outflows of resources related to pension and OPEB are reported in the government-wide financial statements and the Water Fund. Details of the deferred outflows of resources related to pension and OPEB can be found in Notes 8 and 9.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

The Township reports deferred inflows related to property taxes levied for the following year. The governmental funds also report unavailable revenue from grants and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. There are deferred inflows of resources related to the defined benefit pension plan and the OPEB plan. The deferred inflows of resources related to pension are reported in the government-wide financial statements and the Water Fund. Details of the deferred inflows of resources related to pension and OPEB can be found in Notes 8 and 9.

**Net Position**

Net position of the Township is classified in three components. Net investment in capital assets - net of related debt consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is further classified as expendable and nonexpendable. Expendable restricted net position has been limited for use by donors and as held in trust for debt service and self-insured professional liability. Nonexpendable restricted net position has been restricted by donors to be maintained in perpetuity. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

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

**Fund Balance Flow Assumptions**

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

**Note 1 - Significant Accounting Policies (Continued)**

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. 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 township board of trustees for use for specific purposes. Commitments are made and can be rescinded only via resolution of the board of trustees.
- *Assigned* - Intent to spend resources on specific purposes expressed by the township board as a whole or the supervisor, treasurer, and clerk, who are authorized by resolution approved by the township board to make assignments
- *Unassigned* - Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

**Property Tax Revenue**

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

The Township's 2019 property tax revenue was levied and collectible on December 31, 2018 and is recognized as revenue in the year ended December 31, 2019 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2018 taxable valuation of the Township totaled \$1.1 billion, on which taxes levied consisted of 0.9526 mills for operating purposes, 4.6595 mills for police services, 2.8597 mills for fire service, 0.4431 mills for library debt, and 0.3000 mills for parks and recreation. This resulted in \$1.1 million for operating, \$5.2 million for police services, \$3.2 million for fire service, \$0.3 million for library debt, and \$0.3 million for parks and recreation. These amounts are recognized in the respective General Fund and special revenue fund financial statements as property tax revenue.

A provision has been recorded for potential refunds related to disputed taxable values and potential chargebacks from Oakland County, Michigan.

**Note 1 - Significant Accounting Policies (Continued)**

**Pension**

The Township offers a defined benefit pension plan to its employees through the Municipal Employees' Retirement System of Michigan (MERS). The Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Township's pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General, Police, Fire, and Water funds will be used to liquidate the net pension liability, based on whichever fund an employee or retiree is assigned and to which fund the employee's pension costs are charged.

**Other Postemployment Benefit Costs**

The Township offers retiree healthcare benefits to retirees. The Township records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Township's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The obligation is liquidated from the General, Police, Fire, and Water funds.

**Compensated Absences (Sick Leave)**

It is the Township's policy to permit police employees to accumulate earned but unused sick pay benefits. Upon meeting all requirements for full retirement, an employee will be entitled to 50 percent with a 100-day cap (maximum payment of 50 days) of his or her sick day bank. Upon favorable separation, with a minimum of 10 years of service, an employee is entitled to a 30 percent payout with a 100-day cap (maximum payment of 30 days). A liability for these amounts is reported in governmental funds only when they have matured or come due for payment - generally when an individual's employment has terminated as of year end. Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

**Proprietary Funds Operating Classification**

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

**Use of Estimates**

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

**Note 1 - Significant Accounting Policies (Continued)**

***Upcoming Accounting Pronouncements***

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2020.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the Township's financial statements for the December 31, 2020 fiscal year.

**Note 2 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Other Postemployment Benefits Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Township has designated four banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all of the allowable vehicles mentioned above, except repurchase agreements.

December 31, 2019

**Note 2 - Deposits and Investments (Continued)**

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

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$14,205,458 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC) insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Interest Rate Risk**

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

At year end, the Township had the following investments:

Investment	Fair Value	Weighted-average Maturity (Days)
<b>Primary Government</b>		
Oakland County Local Government Investment Pool	\$ 15,541,628	333
Investment	Carrying Value	Weighted-average Maturity (Years)
<b>Fiduciary Funds</b>		
MERS Total Market Portfolio	\$ 4,065,552	N/A

**Credit Risk**

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

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
Oakland County Local Government Investment Pool	\$ 15,541,628	N/A	N/A
Investment	Carrying Value	Rating	Rating Organization
<b>Fiduciary Funds</b>			
MERS Total Market Portfolio	\$ 4,065,552	N/A	N/A



**Note 2 - Deposits and Investments (Continued)**

***Fair Value Measurements***

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

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

The Township has a fair value measurement in the Oakland County Local Government Investment Pool (LGIP) as of December 31, 2019. The Township's investment in the Oakland County LGIP (\$15,541,628) is measured at net asset value (NAV).

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

***Investments in Entities That Calculate Net Asset Value per Share***

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

At December 31, 2019, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Oakland County Local Government Investment Pool	\$ 15,541,628	-	None	N/A
MERS Total Market Portfolio	4,065,552	-	None	N/A

The Oakland County LGIP is not registered with the Securities and Exchange Commission (SEC) and does not issue a separate report. The pool does not meet the requirements under GASB Statement No. 79 to report its value for financial reporting purposes at amortized costs. Accordingly, the investment is reported at fair value. The fair value of the position in the pool is not the same as the value of the pool shares because the pool redeems shares at \$1 per share regardless of current fair value.

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

The MERS Total Market Portfolio is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. The Municipal Employees' Retirement System (MERS) manages the asset allocation and monitors the underlying investment managers of the MERS Total Market Portfolio.

December 31, 2019

**Note 3 - Capital Assets**

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

**Governmental Activities**

	Balance January 1, 2019	Reclassifications	Additions	Disposals	Balance December 31, 2019
Capital assets not being depreciated:					
Land	\$ 2,462,300	\$ -	\$ 2,000,000	\$ -	\$ 4,462,300
Construction in progress	84,850	(12,145)	157,871	-	230,576
Subtotal	2,547,150	(12,145)	2,157,871	-	4,692,876
Capital assets being depreciated:					
Sewer system	16,138,928	12,145	31,484	-	16,182,557
Buildings and improvements	6,398,557	-	111,562	(19,434)	6,490,685
Vehicles	4,669,678	-	286,129	(157,066)	4,798,741
Furniture and equipment	1,877,444	-	252,989	(250,680)	1,879,753
Subtotal	29,084,607	12,145	682,164	(427,180)	29,351,736
Accumulated depreciation:					
Sewer system	4,553,015	-	328,417	-	4,881,432
Buildings and improvements	2,995,478	-	218,820	(19,434)	3,194,864
Vehicles	2,901,719	-	363,811	(157,066)	3,108,464
Furniture and equipment	1,363,686	-	124,944	(250,680)	1,237,950
Subtotal	11,813,898	-	1,035,992	(427,180)	12,422,710
Net capital assets being depreciated	17,270,709	12,145	(353,828)	-	16,929,026
Net governmental activities capital assets	\$ 19,817,859	\$ -	\$ 1,804,043	\$ -	\$ 21,621,902

**Business-type Activities**

	Balance January 1, 2019	Additions	Disposals and Adjustments	Balance December 31, 2019
Capital assets not being depreciated:				
Land	\$ 253,080	\$ -	\$ -	\$ 253,080
Construction in progress	46,341	46,532	-	92,873
Subtotal	299,421	46,532	-	345,953
Capital assets being depreciated:				
Water system	14,948,053	157,983	-	15,106,036
Machinery and equipment	456,673	48,262	-	504,935
Subtotal	15,404,726	206,245	-	15,610,971
Accumulated depreciation:				
Water system	7,499,077	312,154	-	7,811,231
Machinery and equipment	119,510	31,243	-	150,753
Subtotal	7,618,587	343,397	-	7,961,984
Net capital assets being depreciated	7,786,139	(137,152)	-	7,648,987
Net business-type activities capital assets	\$ 8,085,560	\$ (90,620)	\$ -	\$ 7,994,940



**December 31, 2019**

**Note 3 - Capital Assets (Continued)**

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

Governmental activities:		
General government	\$	114,137
Public safety		450,580
Public works		378,271
Economic development		19,696
Health and welfare		6,384
Recreation and culture		66,924
		<u>1,035,992</u>
Total governmental activities	\$	<u>1,035,992</u>
Business-type activities - Water	\$	<u>343,397</u>

**Note 4 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water Fund	\$ 44,864
	Solid Waste Special Assessment Fund	83,610
	Nonmajor governmental funds	<u>21,650</u>
	Total General Fund	150,124
Nonmajor governmental funds	General Fund	627
Water Fund	Nonmajor governmental funds	<u>151,272</u>
	Total	<u>\$ 302,023</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. In addition, several funds do not have separate bank accounts, and, therefore, the General Fund holds its respective cash and investments.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 609,349
Nonmajor governmental funds	General Fund	400,000

The transfer from the General Fund to the Improvement Revolving Fund occurred to set funds aside for future township projects. The transfer from the Sewer Debt Fund the General Fund occurred in order to repay the General Fund for amounts transferred in previous years.

December 31, 2019

**Note 5 - Long-term Debt**

Long-term debt activity for the year ended December 31, 2019 can be summarized as follows:

**Governmental Activities**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Direct borrowings and direct placements:							
Oakland County Revolving Fund:							
Amount of issue - \$148,000							
Maturing through 2025	5.00%	\$14,800	\$ 118,400	\$ -	\$ (14,800)	\$ 103,600	\$ 14,800
General obligation bonds:							
2010 Sewage Disposal Bonds:							
Amount of issue - \$275,000							
Maturing through 2020	4.02%	\$25,000	40,000	-	(40,000)	-	-
Discount on bonds payable			(600)	-	600	-	-
2002 Pontiac Lake Sanitary System:							
Amount of issue - \$4,121,112							
Maturing through 2022	2.50%	\$205,000- \$270,000	1,040,000	-	(250,000)	790,000	255,000
Capital leases:							
2016 Copiers:							
Amount of issue - \$17,243							
Maturing through 2019	5.29%	\$6,054	6,054	-	(6,054)	-	-
2019 Copiers:							
Amount of issue - \$17,600							
Maturing through 2022	8.18%	\$5,395- \$6,351	-	17,600	-	17,600	5,395
Total direct borrowings and direct placements principal outstanding			1,203,854	17,600	(310,254)	911,200	275,195
Other debt:							
2016 Special Assessment Bonds:							
Amount of issue - \$390,907							
Maturing through 2026	3.00%	\$29,645- \$43,650	323,160	-	(38,114)	285,046	38,115
2018 Library Building Construction Bond:							
Amount of issue - \$8,600,000							
Maturing through 2038	3.00%- 3.50%	\$250,000- \$675,000	8,600,000	-	-	8,600,000	250,000
Discount on bonds payable			(76,326)	-	-	(76,326)	(2,219)
Total other debt principal outstanding			8,846,834	-	(38,114)	8,808,720	285,896
Total direct borrowings and other debt principal outstanding			10,050,688	17,600	(348,368)	9,719,920	561,091
Accumulated compensated absences			121,860	18,758	(16,558)	124,060	24,812
Total governmental activities long-term debt			\$ 10,172,548	\$ 36,358	\$ (364,926)	\$ 9,843,980	\$ 585,903

**December 31, 2019**

**Note 5 - Long-term Debt (Continued)**

***Business-type Activities***

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Direct borrowings and direct placements - Drinking Water Revolving Fund: Amount of issue - \$1,152,000 Maturing through 2030	2.50%	\$55,000- \$75,000	\$ 765,000	\$ -	\$ (55,000)	\$ 710,000	\$ 55,000
Other debt - 2016 Special Assessment - Bonds: Amount of issue - \$70,812 Maturing through 2026	3.00%	\$6,885- \$8,082	58,559	-	(6,885)	51,674	6,885
Total business-type activities long-term debt			<u>\$ 823,559</u>	<u>\$ -</u>	<u>\$ (61,885)</u>	<u>\$ 761,674</u>	<u>\$ 61,885</u>

***General Obligation Bonds and Contracts***

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

***Special Assessment Bonds***

Special assessment debt provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. As additional security, the Township has pledged either its limited or full faith and credit for the payment of the principal and interest thereon.

**Note 5 - Long-term Debt (Continued)**

***Debt Service Requirements to Maturity***

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2020	\$ 275,195	\$ 21,807	\$ 285,896	\$ 272,985	\$ 855,883
2021	285,654	14,321	310,674	264,729	875,378
2022	291,151	6,609	310,674	256,098	864,532
2023	14,800	2,380	339,687	247,092	603,959
2024	14,800	1,599	339,687	237,668	593,754
2025-2029	29,600	818	2,662,925	1,160,237	3,853,580
Thereafter	-	-	4,559,177	665,413	5,224,590
<b>Total</b>	<b>\$ 911,200</b>	<b>\$ 47,534</b>	<b>\$ 8,808,720</b>	<b>\$ 3,104,222</b>	<b>\$ 12,871,676</b>

Years Ending December 31	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2020	\$ 55,000	\$ 17,621	\$ 6,885	\$ 627	\$ 80,133
2021	60,000	16,116	6,885	558	83,559
2022	60,000	14,546	6,885	490	81,921
2023	60,000	12,969	7,650	421	81,040
2024	65,000	11,292	7,650	344	84,286
2025-2029	410,000	31,740	15,719	344	457,803
Thereafter	-	-	-	-	-
<b>Total</b>	<b>\$ 710,000</b>	<b>\$ 104,284</b>	<b>\$ 51,674</b>	<b>\$ 2,784</b>	<b>\$ 868,742</b>

***Assets Pledged as Collateral***

**Direct Borrowings and Direct Placements**

The Township’s outstanding capital lease debt from direct borrowings related to governmental activities of \$17,600 is secured with collateral of the township copiers.

**Note 6 - Risk Management**

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

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

**Note 7 - Defined Contribution Pension Plan**

The Township provides pension benefits to all paid on-call fire fighters through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from six months after the date of employment. As established by the township board, contributions are calculated on employee base salary at a rate of 10 percent. The employee is also allowed to make voluntary after-tax contributions through payroll withholding in amounts ranging from 1 to 10 percent of base wages. The plan is administered by John Hancock Retirement Plan Services.

The Township's total payroll during the current year was \$6,551,562. The current year contribution was calculated based on covered payroll of \$155,436, resulting in an employer contribution of \$15,544 and employee contributions of \$3,920.

**Note 8 - Pension Plan**

***Plan Description***

The Township participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS or MERS of Michigan) that covers all employees of the Township. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at [www.mersofmichigan.com](http://www.mersofmichigan.com) or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

***Benefits Provided***

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers all union and nonunion employees segregated by the groups as outlined below.

Retirement benefits for general employees (hired on or before September 1, 2011) are calculated as 2.50 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service. Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for general employees (hired after September 1, 2011) are calculated as 1.50 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service. Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for police employees (hired on or before September 1, 2011) are calculated as 2.50 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service. Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

**Note 8 - Pension Plan (Continued)**

Retirement benefits for police patrol employees (hired after September 1, 2011) are calculated as 2.25 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service. Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for fire employees (hired on or before September 1, 2011) are calculated as 2.50 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service. Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for fire employees (hired after September 1, 2011) are calculated as 2.25 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service. Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for public safety employees are calculated as 2.50 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service. Vesting period is eight years. Employees are eligible for nonduty disability benefits after eight years of service and for duty-related disability benefits, upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for command employees are calculated as 2.50 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service. Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

**Employees Covered by Benefit Terms**

The following members were covered by the benefit terms:

Date of member count	December 31, 2018
Inactive plan members or beneficiaries currently receiving benefits	50
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	84
Total employees covered by the plan	146

**Note 8 - Pension Plan (Continued)**

***Contributions***

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For general employees (hired on or before September 1, 2011), the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 7.40 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current flat rate is \$10,670 per month.

For general employees (hired after September 1, 2011), the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 5.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 3.71 percent of annual covered payroll.

For police employees (hired on or before September 1, 2011), the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 6.25 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current flat rate is \$17,997 per month.

For police patrol employees (hired after September 1, 2011), the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 6.25 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 5.17 percent of annual covered payroll.

For fire employees (hired on or before September 1, 2011), the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 5.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current flat rate is \$13,319 per month.

For fire employees (hired after September 1, 2011), the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 5.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 5.49 percent of annual covered payroll.

For public safety employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 9.60 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 44.64 percent of annual covered payroll.

December 31, 2019

**Note 8 - Pension Plan (Continued)**

For command employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 6.25 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 25.11 percent of annual covered payroll.

**Net Pension Liability**

The net pension liability reported at December 31, 2019 was determined using a measure of the total pension liability and the pension net position as of the December 31, 2018 measurement date. The December 31, 2018 measurement date 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:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2017</b>	\$ 31,464,779	\$ 23,527,732	\$ 7,937,047
Changes for the year:			
Service cost	649,224	-	649,224
Interest	2,479,156	-	2,479,156
Differences between expected and actual experience	(196,008)	-	(196,008)
Contributions - Employer	-	974,673	(974,673)
Contributions - Employee	-	353,693	(353,693)
Net investment loss	-	(923,220)	923,220
Benefit payments, including refunds	(1,599,886)	(1,599,886)	-
Administrative expenses	-	(45,634)	45,634
<b>Net changes</b>	<b>1,332,486</b>	<b>(1,240,374)</b>	<b>2,572,860</b>
<b>Balance at December 31, 2018</b>	<b>\$ 32,797,265</b>	<b>\$ 22,287,358</b>	<b>\$ 10,509,907</b>

The plan's fiduciary net position represents 68.0 percent of the total pension liability.

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

For the year ended December 31, 2019, the Township recognized pension expense of \$1,812,679.

At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 127,198	\$ (205,343)
Changes in assumptions	429,962	-
Net difference between projected and actual earnings on pension plan investments	1,684,573	-
Employer contributions to the plan subsequent to the measurement date	982,303	-
<b>Total</b>	<b>\$ 3,224,036</b>	<b>\$ (205,343)</b>



**Note 8 - Pension Plan (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows 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 (\$982,303), which will impact the net pension liability, rather than pension expense.

Years Ending December 31	Amount
2020	\$ 791,456
2021	408,208
2022	298,910
2023	537,816
Total	<u>\$ 2,036,390</u>

**Actuarial Assumptions**

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

Inflation	2.50%
Salary increases	3.75%
Investment rate of return (net of investment expenses)	8.00%

Mortality rates were based on a 50 percent male and 50 percent female blend of the following tables:

- The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent
- The RP-2014 Employee Mortality Tables
- The RP-2014 Juvenile Mortality Tables

For disabled retirees, the mortality rates were based on the 50 percent male - 50 percent female blend of the RP-2014 Disabled Retiree Mortality Tables.

**Discount Rate**

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed 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.

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.

**Note 8 - Pension Plan (Continued)**

**Investment Rate of Return**

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, 2018, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.15 %
Global fixed income	18.50	1.26
Real assets	13.50	7.22
Diversifying strategies	12.50	5.00

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

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

	1 Percentage Point Decrease (7.00%)	Current Discount Rate (8.00%)	1 Percentage Point Increase (9.00%)
Net pension liability of the Township	\$ 14,439,294	\$ 10,509,907	\$ 7,214,413

**Pension Plan Fiduciary Net Position**

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose 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 additions to/deductions 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.

**Note 9 - Other Postemployment Benefit Plan**

**Plan Description**

The Township provides retiree health benefits to employees who meet eligibility requirements. This is a single-employer plan administered by the Township.

Employees become eligible at the earlier of the following requirements:

For Michigan Association of Public Employees (MAPE) and nonunion, there are no retiree health benefits for employees hired on or after October 1, 2008. For MAPE employees hired prior to October 1, 2008, employees must have attained the age of 50 with 25 years of service or the age of 60 with 10 years of service.

For house elected officials, supervisor, treasurer, and clerk, all employees are eligible at the earlier of age 50 with 25 years of service or the age of 60 with eight years of service.

December 31, 2019

**Note 9 - Other Postemployment Benefit Plan (Continued)**

For police patrol and police command, there are no retiree health benefits for employees hired on or after January 1, 2010. For police patrol and command employees hired prior to January 1, 2010, employees must have attained the age of 50 with 25 years of service or the age of 60 with 10 years of service.

For fire, there are no retiree health benefits for employees hired on or after January 1, 2010. For fire employees hired prior to January 1, 2010, employees must have attained the age of 55 with 25 years of service or the age of 60 with 10 years of service.

The financial statements of the OPEB plan are included in these financial statements as an Other Postemployment Benefits Fund (a fiduciary fund).

Management of the plan is vested in the pension board, which consists of seven members - three elected by plan members, three appointed by the Township, and the township treasurer, who serves as an ex officio member.

**Benefits Provided**

The Township provides medical/RX and vision benefits for retirees. All pre-65 health plans are fully insured and experience rated with a self-insured WRAP premium included to buy down the deductible. Post-65 health plans are fully insured through Blue Cross Blue Shield (BCBS).

For house elected officials, supervisor, treasurer, and clerk employees, as well as general employees, MAPE employees, and other full-time nonunion employees hired prior to October 1, 2008, the Township pays the full cost of employee only coverage for medical/RX and vision benefits. For house elected officials, supervisor, treasurer, and clerk employees, spousal coverage is paid by the Township. For all others (general, MAPE, and nonunion), spousal and family coverage may be purchased at the retiree's own expense.

For police and fire employees hired prior to January 1, 2010, the Township pays the full cost of employee and spouse coverage for medical/RX and vision benefits. Police and fire employees hired on/after January 1, 2010 are not allowed to continue health coverage with the Township. Family coverage may be purchased at the retiree's own expense.

For employees hired on or after the cutoff dates listed above, the employer contributes 3.50 percent of employee base pay for police and fire employees and \$100 monthly for all other employees into a Health Care Savings Program (HCSP) account while actively employed. Police and fire employees also contribute a mandatory 3.00 percent of employee base pay into the account. As such, these employees are excluded from the calculation of the annual required contribution and net other postemployment benefit (OPEB) obligation described below.

**Employees Covered by Benefit Terms**

The following members were covered by the benefit terms:

	Township OPEB Plan
	<hr/>
Date of member count	December 31, 2018
Inactive plan members or beneficiaries currently receiving benefits	39
Active plan members	<hr/> 49
	<hr/>
Total plan members	<hr/> <hr/> 88

**Note 9 - Other Postemployment Benefit Plan (Continued)**

**Contributions**

Retiree healthcare costs are paid by the Township on a "pay-as-you-go" basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. Additional prefunding is at the Township's discretion. For the fiscal year ended December 31, 2019, the Township made payments for postemployment health benefit premiums of \$532,397. The Township also began to prefund the postemployment retiree healthcare liability in 2015, with payments totaling \$765,000 during the fiscal year ended December 31, 2019. Employees are not required to contribute to the plan.

**Net OPEB Liability**

The Township has chosen to use the December 31 measurement date as its measurement date for the net OPEB liability. The December 31, 2019 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the December 31, 2019 measurement date. The December 31, 2019 total OPEB liability was determined by an actuarial valuation performed as of January 1, 2018, which used updated procedures to roll forward the estimated liability to December 31, 2019.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at December 31, 2018</b>	\$ 12,541,860	\$ 2,858,941	\$ 9,682,919
Changes for the year:			
Service cost	194,334	-	194,334
Interest	873,215	-	873,215
Differences between expected and actual experience	(1,359,536)	-	(1,359,536)
Changes in assumptions	(908,029)	-	(908,029)
Contributions - Employer	-	1,297,397	(1,297,397)
Net investment income	-	447,964	(447,964)
Benefit payments, including refunds	(532,397)	(532,397)	-
Administrative expenses	-	(6,353)	6,353
<b>Net changes</b>	<b>(1,732,413)</b>	<b>1,206,611</b>	<b>(2,939,024)</b>
<b>Balance at December 31, 2019</b>	<b>\$ 10,809,447</b>	<b>\$ 4,065,552</b>	<b>\$ 6,743,895</b>

The plan's fiduciary net position represents 37.6 percent of the total OPEB liability.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2019, the Township recognized OPEB expense of \$276,729.

December 31, 2019

**Note 9 - Other Postemployment Benefit Plan (Continued)**

At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (1,019,652)
Changes in assumptions	-	(681,022)
Net difference between projected and actual earnings on OPEB plan investments	22,649	-
Total	<u>\$ 22,649</u>	<u>\$ (1,700,674)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending December 31	Amount
2020	\$ (546,208)
2021	(546,208)
2022	(546,208)
2023	(39,401)
Total	<u>\$ (1,678,025)</u>

**Actuarial Assumptions**

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (including inflation) of 3.00 percent; an investment rate of return (net of investment expenses) of 7.00 percent; a healthcare cost trend rate of 7.50 percent for 2019, decreasing 0.5 percent per year to an ultimate rate of 4.0 percent for 2026 and later years; and the RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 for healthy retirees and RPH-2018 Disabled Mortality Table fully generational using Scale MP-2018 for disabled retirees.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

December 31, 2019

**Note 9 - Other Postemployment Benefit Plan (Continued)**

**Investment Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 adding expected inflation. Best estimates of arithmetic real rates of return as of the December 31, 2019 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.15 %
International equity	18.50	1.26
U.S. government or agency fixed income	13.50	7.22
Corporate bonds	12.50	5.00

**Rates of Return**

For the year ended December 31, 2019, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 13.52 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the Township, calculated using the discount rate of 7.75 percent, as well as what the Township's net OPEB 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:

	1 Percentage Point Decrease (6.75%)	Current Discount Rate (7.75%)	1 Percentage Point Increase (8.75%)
Net OPEB liability of the township OPEB plan	\$ 8,128,740	\$ 6,743,895	\$ 5,599,492

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the net OPEB liability of the Township, calculated using the healthcare cost trend rate of 7.50 percent, as well as what the Township's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the township OPEB plan	\$ 5,350,250	\$ 6,743,895	\$ 8,447,191

**Note 9 - Other Postemployment Benefit Plan (Continued)**

***OPEB Plan Fiduciary Net Position***

Detailed information about the plan's fiduciary net position is not available in a separately issued financial report. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan's fiduciary net position and additions to/deductions 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.

***Assumption Changes***

- The payroll growth assumption was updated from 4.00 to 3.00 percent based on actual Township experience. The impact of this change was a slight increase in liabilities.
- The funding discount rate assumption has been updated from 7.00 to 7.75 percent based on the MERS total rate of return information for the Total Market Portfolio.

**Note 10 - Defined Contribution OPEB Plan**

The Township offers a defined contribution OPEB plan as an alternative to the defined benefit OPEB plan upon closing of that plan in various years (see Note 9). The Township's board of trustees has authority over the plan provisions and contribution requirements and the plan is administered by Municipal Employees' Retirement System of Michigan.

All employees are eligible to participate in this plan, if not participating in the defined benefit plan. There is no required retirement age. The vesting period is 10 years for general, union, and nonunion employees and seven years for police and fire employees. Once fully vested and upon separation of employment, funds become available for reimbursement of eligible medical expenses incurred by the employee, spouse, and legal dependents. In the event of the employee's death, if there is no spouse or legal dependents, or in the event of the death of the employee's spouse or legal dependents, a named beneficiary may use the funds for reimbursement of their medical expenses.

All forfeited funds revert to the Township. If an employee returns to employment at the Township within two years of termination, the forfeited funds are reinstated.

The Township's contributions for the year ended December 31, 2019 were \$66,439.

**Note 11 - Tax Abatements**

In 2016, the Township entered into an agreement for a seven-year tax abatement with a development company. In turn, the development company will redevelop, mitigate ground fuel contamination, and bring in water and sewer utilities to 6.25 acres of property located within the Township.

For the fiscal year ended December 31, 2019, the Township's property tax revenue was reduced by \$1,316 under this program. The estimated amount of abated property taxes for the seven-year period is \$160,080.

**Note 12 - Change in Accounting Principle**

During the current year, the Township adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the accounting for fiduciary component units, custodial funds, and escrow and performance deposits has changed. Beginning net position for the Other Postemployment Benefits Fund and Custodial Funds were adjusted to account for the impact of now recording the escrow and performance deposits within the General Fund, and accounting for custodial activity was also changed. The impact of adoption is included below.

This was also the first year GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was applicable to the Township’s financial statements. This was a result of the Other Postemployment Benefits Fund now being reported as a fiduciary fund under GASB Statement No. 84. As a result, some of the disclosures within the OPEB plan footnotes have changed, along with the related schedules in the required supplemental information.

The following financial statement line items for fiscal year 2019 were affected by the change in accounting principle:

	Other Postemployment Benefits Fund	Custodial Funds
Net position - Beginning of year, as previously reported	\$ -	\$ -
Adjustment for GASB Statement No. 84	<u>2,858,941</u>	<u>574,982</u>
Net position - Beginning of year, as restated	<u>\$ 2,858,941</u>	<u>\$ 574,982</u>

The impact on the prior year changes in net position could not be determined.

**Note 13 - Subsequent Events**

The United States and the State of Michigan declared a state of emergency in early March 2020 due to the global Coronavirus Disease 2019 (COVID-19) pandemic. The financial impact of COVID-19 will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenue, and any recovery from emergency funding, whether federal, state, or local, cannot be estimated.

Subsequent to year end, the Township's investment portfolio within the Township's OPEB plan has experienced a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.



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## Required Supplemental Information

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# Charter Township of White Lake

## Required Supplemental Information Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Tax collections	\$ 1,106,848	\$ 1,106,848	\$ 1,126,157	\$ 19,309
Other license and permits	1,800	1,800	4,582	2,782
Transportation	98,791	98,791	133,829	35,038
Planning and development revenue	18,000	18,000	20,650	2,650
State-shared revenue and grants	2,300,000	2,550,000	3,008,280	458,280
Fees for service	715,550	724,750	764,644	39,894
Ordinance fees	-	-	2,100	2,100
Rents	16,500	16,500	19,823	3,323
Miscellaneous	112,100	112,100	272,805	160,705
<b>Total revenue</b>	<b>4,369,589</b>	<b>4,628,789</b>	<b>5,352,870</b>	<b>724,081</b>
<b>Expenditures</b>				
Township board	124,065	130,565	114,891	15,674
Supervisor	324,255	324,255	299,718	24,537
Elections	50,800	60,800	60,256	544
Accounting department	196,865	196,865	196,030	835
Assessing	353,526	353,526	321,427	32,099
Legal fees	152,500	152,500	73,576	78,924
Clerk	429,269	438,319	433,293	5,026
Board of review	2,225	2,225	1,741	484
Postage and mailing	37,500	37,500	35,413	2,087
Office supplies	30,000	32,000	35,097	(3,097)
Treasurer	440,064	463,614	450,884	12,730
Township hall and grounds	688,269	965,369	889,644	75,725
Cemetery	48,200	57,400	57,133	267
Other township properties	27,500	30,000	23,225	6,775
Health and welfare	12,000	12,000	9,971	2,029
Unallocated miscellaneous	15,000	15,000	11,693	3,307
Planning and community development	361,990	364,090	337,169	26,921
Ordinance	107,785	111,385	105,343	6,042
Highway and streets	158,500	211,000	230,483	(19,483)
Storm and sewer	12,500	12,500	-	12,500
Transportation services	102,140	118,540	113,854	4,686
Senior/Community center	225,980	233,980	225,990	7,990
Long-term sick pay/retiree health care	390,000	390,000	354,650	35,350
Payroll services	28,000	28,000	23,558	4,442
Other general services	16,275	625,624	624,717	907
<b>Total expenditures</b>	<b>4,335,208</b>	<b>5,367,057</b>	<b>5,029,756</b>	<b>337,301</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>34,381</b>	<b>(738,268)</b>	<b>323,114</b>	<b>1,061,382</b>
<b>Other Financing Sources - Transfers</b>	<b>-</b>	<b>300,000</b>	<b>400,000</b>	<b>100,000</b>
<b>Net Change in Fund Balance</b>	<b>34,381</b>	<b>(438,268)</b>	<b>723,114</b>	<b>1,161,382</b>
<b>Fund Balance - Beginning of year</b>	<b>9,402,404</b>	<b>9,402,404</b>	<b>9,402,404</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 9,436,785</b>	<b>\$ 8,964,136</b>	<b>\$ 10,125,518</b>	<b>\$ 1,161,382</b>

## Charter Township of White Lake

### Required Supplemental Information Budgetary Comparison Schedule – Major Special Revenue Funds Fire Fund

Year Ended December 31, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue - Fire revenue</b>	\$ 3,222,759	\$ 3,222,759	\$ 3,398,721	\$ 175,962
<b>Expenditures</b>				
Salaries	1,789,008	1,806,543	1,657,792	148,751
Payroll-related benefits	1,076,370	1,020,295	968,887	51,408
Other	502,935	568,475	513,087	55,388
Acquisitions	595,000	595,000	359,389	235,611
Total expenditures	<u>3,963,313</u>	<u>3,990,313</u>	<u>3,499,155</u>	<u>491,158</u>
<b>Net Change in Fund Balance</b>	(740,554)	(767,554)	(100,434)	667,120
<b>Fund Balance - Beginning of year</b>	<u>5,715,062</u>	<u>5,715,062</u>	<u>5,715,062</u>	-
<b>Fund Balance - End of year</b>	<u>\$ 4,974,508</u>	<u>\$ 4,947,508</u>	<u>\$ 5,614,628</u>	<u>\$ 667,120</u>

## Charter Township of White Lake

### Required Supplemental Information Budgetary Comparison Schedule – Major Special Revenue Funds Police Fund

Year Ended December 31, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue - Police revenue</b>	\$ 5,392,561	\$ 5,392,561	\$ 5,710,186	\$ 317,625
<b>Expenditures</b>				
Civil service	3,000	3,000	1,685	1,315
Salaries	2,744,233	2,806,853	2,770,334	36,519
Payroll and related benefits	2,067,000	2,036,400	2,009,673	26,727
Other	769,100	864,030	733,333	130,697
Crossing guards	16,290	16,290	14,428	1,862
Total expenditures	<u>5,599,623</u>	<u>5,726,573</u>	<u>5,529,453</u>	<u>197,120</u>
<b>Net Change in Fund Balance</b>	(207,062)	(334,012)	180,733	514,745
<b>Fund Balance - Beginning of year</b>	<u>3,416,053</u>	<u>3,416,053</u>	<u>3,416,053</u>	-
<b>Fund Balance - End of year</b>	<u><b>\$ 3,208,991</b></u>	<u><b>\$ 3,082,041</b></u>	<u><b>\$ 3,596,786</b></u>	<u><b>\$ 514,745</b></u>

## Charter Township of White Lake

### Required Supplemental Information Budgetary Comparison Schedule – Major Special Revenue Funds Solid Waste Special Assessment Fund

Year Ended December 31, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Special assessments	\$ 1,753,600	\$ 1,753,600	\$ 1,764,361	\$ 10,761
Expenditures	<u>1,753,600</u>	<u>1,753,600</u>	<u>1,748,105</u>	<u>5,495</u>
Net Change in Fund Balance	-	-	16,256	16,256
Fund Balance - Beginning of year	<u>151,252</u>	<u>151,252</u>	<u>151,252</u>	-
Fund Balance - End of year	<u>\$ 151,252</u>	<u>\$ 151,252</u>	<u>\$ 167,508</u>	<u>\$ 16,256</u>

# Charter Township of White Lake

## Required Supplemental Information Schedule of Changes in the Township Net Pension Liability and Related Ratios

	<b>Last Five Fiscal Years</b>				
	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service cost	\$ 649,224	\$ 649,488	\$ 622,992	\$ 625,618	\$ 622,772
Interest	2,479,156	2,353,583	2,241,783	2,069,874	1,948,262
Differences between expected and actual experience	(196,008)	110,815	(97,070)	159,965	-
Changes in assumptions	-	-	-	1,289,886	-
Benefit payments, including refunds	(1,599,886)	(1,488,304)	(1,278,592)	(1,143,667)	(1,053,062)
<b>Net Change in Total Pension Liability</b>	1,332,486	1,625,582	1,489,113	3,001,676	1,517,972
<b>Total Pension Liability - Beginning of year</b>	31,464,779	29,839,197	28,350,084	25,348,408	23,830,436
<b>Total Pension Liability - End of year</b>	<b>\$ 32,797,265</b>	<b>\$ 31,464,779</b>	<b>\$ 29,839,197</b>	<b>\$ 28,350,084</b>	<b>\$ 25,348,408</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 974,673	\$ 860,906	\$ 683,655	\$ 642,013	\$ 553,152
Contributions - Member	353,693	337,653	330,788	328,248	325,529
Net investment (loss) income	(923,220)	2,786,317	2,185,266	(298,752)	1,185,448
Administrative expenses	(45,634)	(44,098)	(43,120)	(43,312)	(43,598)
Benefit payments, including refunds	(1,599,886)	(1,488,304)	(1,278,592)	(1,143,667)	(1,053,062)
Other	-	-	(1,456)	(76)	-
<b>Net Change in Plan Fiduciary Net Position</b>	(1,240,374)	2,452,474	1,876,541	(515,546)	967,469
<b>Plan Fiduciary Net Position - Beginning of year</b>	23,527,732	21,075,258	19,198,717	19,714,263	18,746,794
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 22,287,358</b>	<b>\$ 23,527,732</b>	<b>\$ 21,075,258</b>	<b>\$ 19,198,717</b>	<b>\$ 19,714,263</b>
<b>Township's Net Pension Liability - Ending</b>	<b>\$ 10,509,907</b>	<b>\$ 7,937,047</b>	<b>\$ 8,763,939</b>	<b>\$ 9,151,367</b>	<b>\$ 5,634,145</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	67.95 %	74.77 %	70.63 %	67.72 %	77.77 %
<b>Covered Payroll</b>	\$ 5,401,007	\$ 5,383,432	\$ 5,020,601	\$ 5,022,859	\$ 4,960,341
<b>Township's Net Pension Liability as a Percentage of Covered Payroll</b>	194.59 %	147.43 %	174.56 %	182.19 %	113.58 %

This schedule is intended to show information for 10 years. Additional years' information will be reported as it becomes available.

# Charter Township of White Lake

## Required Supplemental Information Schedule of Pension Contributions

### Last Ten Fiscal Years Years Ended December 31

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 982,303	\$ 974,673	\$ 859,452	\$ 683,655	\$ 642,013	\$ 553,152	\$ 562,907	\$ 581,430	\$ 511,038	\$ 563,694
Contributions in relation to the actuarially determined contribution	982,303	974,673	859,452	683,655	642,013	553,152	562,907	581,430	511,038	563,694
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 5,401,007</b>	<b>\$ 5,383,432</b>	<b>\$ 5,020,601</b>	<b>\$ 5,022,859</b>	<b>\$ 4,960,341</b>	<b>\$ 5,255,785</b>	<b>\$ 4,974,704</b>	<b>\$ 5,197,037</b>	<b>\$ 5,204,989</b>	<b>\$ 5,455,399</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>18.19 %</b>	<b>18.11 %</b>	<b>17.12 %</b>	<b>13.61 %</b>	<b>12.94 %</b>	<b>10.52 %</b>	<b>11.32 %</b>	<b>11.19 %</b>	<b>9.82 %</b>	<b>10.33 %</b>

#### Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. Contributions for the Township's fiscal year ended December 31, 2019 were determined based on the actuarial valuation as of December 31, 2017. The most recent valuation is as of December 31, 2018.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	20 years
Asset valuation method	10-year smoothed market
Inflation	2.50 percent
Salary increase	3.75 percent
Investment rate of return	8.00 percent
Retirement age	Experience-based table of rates is specific to the type of eligibility condition
Mortality	Mortality rates were based on a 50 percent male and 50 percent female blend of the following tables: <ol style="list-style-type: none"> <li>1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent</li> <li>2. The RP-2014 Employee Mortality Tables</li> <li>3. The RP-2014 Juvenile Mortality Tables</li> </ol>
Other information	None

## Charter Township of White Lake

### Required Supplemental Information Schedule of Changes in the Net OPEB Liability and Related Ratios

	<b>Last Two Fiscal Years</b>	
	2019	2018
<b>Total OPEB Liability</b>		
Service cost	\$ 194,334	\$ 181,621
Interest	873,215	836,560
Differences between expected and actual experience	(1,359,536)	-
Changes in assumptions	(908,029)	-
Benefit payments, including refunds	(532,397)	(482,939)
<b>Net Change in Total OPEB Liability</b>	(1,732,413)	535,242
<b>Total OPEB Liability - Beginning of year</b>	12,541,860	12,006,618
<b>Total OPEB Liability - End of year</b>	<b>\$ 10,809,447</b>	<b>\$ 12,541,860</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 1,297,397	\$ 1,260,439
Net investment income (loss)	447,964	(118,947)
Administrative expenses	(6,353)	(6,508)
Benefit payments, including refunds	(532,397)	(482,939)
<b>Net Change in Plan Fiduciary Net Position</b>	1,206,611	652,045
<b>Plan Fiduciary Net Position - Beginning of year</b>	2,858,941	2,206,896
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 4,065,552</b>	<b>\$ 2,858,941</b>
<b>Net OPEB Liability - Ending</b>	<b>\$ 6,743,895</b>	<b>\$ 9,682,919</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	37.61 %	22.80 %
<b>Covered Employee Payroll</b>	\$ 3,570,740	\$ 3,557,735
<b>Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	188.87 %	272.17 %

This schedule is intended to show information for 10 years. Additional years' information will be reported as it becomes available.



## Charter Township of White Lake

## Required Supplemental Information Schedule of OPEB Contributions

### Last Ten Fiscal Years Years Ended December 31

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 996,598	\$ 984,059	\$ 827,842	\$ 827,842	\$ 827,842	\$ 1,630,254	\$ 1,630,254	\$ 1,630,254	\$ 1,013,358	\$ 1,013,358
Contributions in relation to the actuarially determined contribution	1,297,397	1,260,439	1,172,456	1,096,978	718,110	350,313	291,388	259,709	203,018	176,715
<b>Contribution Excess (Deficiency)</b>	<b>\$ 300,799</b>	<b>\$ 276,380</b>	<b>\$ 344,614</b>	<b>\$ 269,136</b>	<b>\$ (109,732)</b>	<b>\$ (1,279,941)</b>	<b>\$ (1,338,866)</b>	<b>\$ (1,370,545)</b>	<b>\$ (810,340)</b>	<b>\$ (836,643)</b>
<b>Covered Employee Payroll</b>	\$ 3,570,740	\$ 3,557,735	\$ 4,589,912	\$ 4,589,912	\$ 4,589,912	\$ 4,862,179	\$ 4,862,179	\$ 4,862,179	\$ 5,586,073	\$ 5,586,073
<b>Contributions as a Percentage of Covered Employee Payroll</b>	36.33 %	35.43 %	25.54 %	23.90 %	15.65 %	7.20 %	5.99 %	5.34 %	3.63 %	3.16 %

#### Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, one to two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	29 years
Asset valuation method	Fair market value
Inflation	2.50 percent
Healthcare cost trend rates	7.50 percent
Salary increase	3.00 percent
Investment rate of return	7.75 percent
Mortality	1. RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 for healthy retirees, and 2. RPH-2018 Disability Mortality Table fully generational using Scale MP-2018 for disabled retirees
Other information	None

**Charter Township of White Lake**

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**Required Supplemental Information  
Schedule of OPEB Investment Returns**

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**Last Two Fiscal Years  
Years Ended December 31**

	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return - Net of investment expense	13.52 %	(3.62)%

This schedule is intended to show information for 10 years. Additional years' information will be reported as it becomes available.

# Charter Township of White Lake

## Notes to Required Supplemental Information

December 31, 2019

### Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except for operating transfers and the issuance of debt, which have been included as revenue and expenditures, rather than as other financing sources (uses), and proceeds from the sale of capital assets and accruals for potential property tax liabilities that are budgeted as revenue and expenditures for the General Fund and all special revenue funds. The annual budget is prepared by the township supervisor; subsequent amendments are approved by the township board. During the year, the budget was amended in a legally permissible manner.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity basis.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered. A comparison of actual results of operations to the General Fund and major special revenue fund budgets as adopted by the township board is included in the required supplemental information.

A reconciliation of the budgetary comparison schedules to the fund-based statement of revenue, expenditures, and changes in fund balance is as follows:

General Fund	Total Revenue	Total Expenditures
Amounts per operating statement	\$ 6,056,823	\$ 4,628,170
Proceeds from sale of capital assets	355	-
Property tax refunds	380	380
Transfers out	-	609,349
Face value of debt issued	17,600	-
Adjustment for GASB Statement No. 84	(722,288)	(208,143)
Amounts per budget statement	<u>\$ 5,352,870</u>	<u>\$ 5,029,756</u>
<b>Fire Fund</b>	<b>Total Revenue</b>	<b>Total Expenditures</b>
Amounts per operating statement	\$ 3,393,584	\$ 3,498,019
Proceeds from sale of capital assets	4,001	-
Property tax refunds	1,136	1,136
Amounts per budget statement	<u>\$ 3,398,721</u>	<u>\$ 3,499,155</u>
<b>Police Fund</b>	<b>Total Revenue</b>	<b>Total Expenditures</b>
Amounts per operating statement	\$ 5,658,272	\$ 5,527,605
Proceeds from sale of capital assets	50,066	-
Property tax refunds	1,848	1,848
Amounts per budget statement	<u>\$ 5,710,186</u>	<u>\$ 5,529,453</u>

During the year, the Township incurred expenditures that were in excess of the amounts budgeted, as follows:

	Budget	Actual	Variance
General Fund - Office supplies	\$ 32,000	\$ 35,097	\$ (3,097)
General Fund - Highway and streets	211,000	230,483	(19,483)

## Charter Township of White Lake

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### Notes to Required Supplemental Information (Continued)

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December 31, 2019

#### *Pension Information*

##### **Changes in Assumptions**

In the fiscal year ended December 31, 2016 (December 31, 2015 valuation), there were assumption changes that resulted in an increase in the calculated total pension liability. The assumptions changed during the year related to the investment rate of return, discount rate, and mortality tables.

#### *OPEB Information*

##### **Changes in Assumptions**

In the fiscal year ended December 31, 2019, the payroll growth assumption was updated from 4.00 to 3.00 percent based on actual township experience. The impact of this change was a slight increase in liabilities. In addition, the funding discount rate assumption has been updated from 7.00 to 7.75 percent based on the MERS total rate of return information for the Total Market Portfolio.

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## Other Supplemental Information

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# Charter Township of White Lake

	Special Revenue Funds					Debt Service Funds
	Drug Forfeiture Fund	Building Fund	Parks and Recreation Fund	Community Development Block Grant Fund	General Sewer Fund	Sewer Debt Fund
<b>Assets</b>						
Cash and investments	\$ 143,886	\$ 1,815,265	\$ 534,609	\$ -	\$ 1,164,860	\$ 39,778
Receivables:						
Property taxes receivable	-	-	142,617	-	-	-
Special assessments receivable	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-
Other receivables	-	1,586	1,502	-	-	-
Due from other governmental units	-	-	137,240	12,402	128,952	-
Due from other funds	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 143,886</b>	<b>\$ 1,816,851</b>	<b>\$ 815,968</b>	<b>\$ 12,402</b>	<b>\$ 1,293,812</b>	<b>\$ 39,778</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 30,347	\$ 9,262	\$ -	\$ 127,180	\$ 9,792
Due to other funds	-	-	3,290	12,402	156,960	-
Accrued liabilities and other	-	1,392	30	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>31,739</b>	<b>12,582</b>	<b>12,402</b>	<b>284,140</b>	<b>9,792</b>
<b>Deferred Inflows of Resources</b>						
Unavailable special assessment revenue	-	-	-	-	-	-
Property taxes and special assessments levied for the following year	-	-	352,846	-	-	-
Unavailable grant revenue	-	-	-	-	128,952	-
Other unavailable revenue	-	1,586	1,501	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>1,586</b>	<b>354,347</b>	<b>-</b>	<b>128,952</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>-</b>	<b>33,325</b>	<b>366,929</b>	<b>12,402</b>	<b>413,092</b>	<b>9,792</b>
<b>Fund Balances</b>						
Restricted:						
Debt service	-	-	-	-	-	-
Sewer	-	-	-	-	880,720	-
Drug law enforcement	143,886	-	-	-	-	-
Building activity	-	1,783,526	-	-	-	-
Parks and recreation	-	-	449,039	-	-	-
Assigned:						
Sewer debt service	-	-	-	-	-	29,986
Capital projects	-	-	-	-	-	-
<b>Total fund balances</b>	<b>143,886</b>	<b>1,783,526</b>	<b>449,039</b>	<b>-</b>	<b>880,720</b>	<b>29,986</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 143,886</b>	<b>\$ 1,816,851</b>	<b>\$ 815,968</b>	<b>\$ 12,402</b>	<b>\$ 1,293,812</b>	<b>\$ 39,778</b>

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

**December 31, 2019**

Debt Service Funds		Capital Project Funds			
SAD Sewer Debt Fund	Library Debt Fund	Improvement Revolving Fund	Public Act 188 Fund	Total	
\$ 683,428	\$ 323,341	\$ 2,607,316	\$ 366,881	\$ 7,679,364	
-	211,237	-	-	353,854	
374,801	-	-	500,029	874,830	
10,523	-	-	-	10,523	
-	-	-	-	3,088	
-	-	-	-	278,594	
627	-	-	-	627	
<b>\$ 1,069,379</b>	<b>\$ 534,578</b>	<b>\$ 2,607,316</b>	<b>\$ 866,910</b>	<b>\$ 9,200,880</b>	
\$ -	\$ -	\$ 13,880	\$ 7,054	\$ 197,515	
-	-	90	180	172,922	
-	-	-	-	1,422	
-	-	13,970	7,234	371,859	
345,448	-	-	473,791	819,239	
-	522,658	-	-	875,504	
-	-	-	-	128,952	
-	-	-	-	3,087	
345,448	522,658	-	473,791	1,826,782	
345,448	522,658	13,970	481,025	2,198,641	
723,931	11,920	-	-	735,851	
-	-	-	-	880,720	
-	-	-	-	143,886	
-	-	-	-	1,783,526	
-	-	-	-	449,039	
-	-	-	-	29,986	
-	-	2,593,346	385,885	2,979,231	
723,931	11,920	2,593,346	385,885	7,002,239	
<b>\$ 1,069,379</b>	<b>\$ 534,578</b>	<b>\$ 2,607,316</b>	<b>\$ 866,910</b>	<b>\$ 9,200,880</b>	

# Charter Township of White Lake

	Special Revenue Funds					Debt Service Funds
	Drug Forfeiture Fund	Building Fund	Parks and Recreation Fund	Community Development Block Grant Fund	General Sewer Fund	Sewer Debt Fund
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ 337,540	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Intergovernmental	5,109	-	1,372,400	66,533	84,830	-
Charges for services	-	6,380	4,560	-	1,905,284	358,233
Fines and forfeitures	6,652	-	-	-	-	-
Licenses and permits	-	630,486	-	-	-	-
Interest and rentals	282	34,920	14,989	-	2,004	167
Other revenue	-	12,300	381	-	-	-
<b>Total revenue</b>	<b>12,043</b>	<b>684,086</b>	<b>1,729,870</b>	<b>66,533</b>	<b>1,992,118</b>	<b>358,400</b>
<b>Expenditures</b>						
Current services:						
General government	-	-	-	-	-	-
Public safety	60,741	524,309	-	-	-	-
Public works	-	-	-	-	2,099,466	-
Community and economic development	-	-	-	66,533	-	-
Recreation and culture	-	-	1,950,303	-	-	-
Debt service	-	-	-	-	-	-
<b>Total expenditures</b>	<b>60,741</b>	<b>524,309</b>	<b>1,950,303</b>	<b>66,533</b>	<b>2,099,466</b>	<b>-</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(48,698)</b>	<b>159,777</b>	<b>(220,433)</b>	<b>-</b>	<b>(107,348)</b>	<b>358,400</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(400,000)
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(400,000)</b>
<b>Net Change in Fund Balances</b>	<b>(48,698)</b>	<b>159,777</b>	<b>(220,433)</b>	<b>-</b>	<b>(107,348)</b>	<b>(41,600)</b>
<b>Fund Balances - Beginning of year</b>	<b>192,584</b>	<b>1,623,749</b>	<b>669,472</b>	<b>-</b>	<b>988,068</b>	<b>71,586</b>
<b>Fund Balances - End of year</b>	<b>\$ 143,886</b>	<b>\$ 1,783,526</b>	<b>\$ 449,039</b>	<b>\$ -</b>	<b>\$ 880,720</b>	<b>\$ 29,986</b>



Other Supplemental Information

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

**Year Ended December 31, 2019**

Debt Service Funds		Capital Project Funds			
SAD Sewer Debt Fund	Library Debt Fund	Improvement Revolving Fund	Public Act 188 Fund	Total	
\$ -	\$ 349,128	\$ -	\$ -	\$ 686,668	
99,652	-	-	135,406	235,058	
-	-	-	-	1,528,872	
31,698	-	7,784	-	2,313,939	
-	-	-	-	6,652	
-	-	-	-	630,486	
29,068	1,075	40,607	21,415	144,527	
-	-	-	-	12,681	
<u>160,418</u>	<u>350,203</u>	<u>48,391</u>	<u>156,821</u>	<u>5,558,883</u>	
-	-	460	-	460	
-	-	-	-	585,050	
-	-	30,626	136,557	2,266,649	
-	-	-	-	66,533	
-	-	-	-	1,950,303	
360,017	338,283	-	19,074	717,374	
<u>360,017</u>	<u>338,283</u>	<u>31,086</u>	<u>155,631</u>	<u>5,586,369</u>	
(199,599)	11,920	17,305	1,190	(27,486)	
-	-	609,349	-	609,349	
-	-	-	-	(400,000)	
-	-	609,349	-	209,349	
(199,599)	11,920	626,654	1,190	181,863	
923,530	-	1,966,692	384,695	6,820,376	
<u>\$ 723,931</u>	<u>\$ 11,920</u>	<u>\$ 2,593,346</u>	<u>\$ 385,885</u>	<u>\$ 7,002,239</u>	

# Charter Township of White Lake

## Other Supplemental Information Combining Statement of Fiduciary Net Position Custodial Funds

December 31, 2019

	Custodial Funds		
	Trust and Agency Fund	Tax Collection Fund	Total
<b>Assets - Cash and investments</b>	\$ 642,364	\$ 649,915	\$ 1,292,279
<b>Liabilities</b>			
Due to other governmental units	1,601	-	1,601
Refundable deposits, bonds, etc.	49,824	5,672	55,496
Unremitted tax collections	-	644,243	644,243
Total liabilities	51,425	649,915	701,340
<b>Net Position</b>			
Restricted:			
Individuals, organizations, and other governments	590,939	-	590,939
Total net position	<u>\$ 590,939</u>	<u>\$ -</u>	<u>\$ 590,939</u>

**Charter Township of White Lake**

Other Supplemental Information  
Combining Statement of Changes in Fiduciary Net Position  
Custodial Funds

**Year Ended December 31, 2019**

	Custodial Funds		
	Trust and Agency Fund	Tax Collection Fund	Total
<b>Additions</b>			
Contributions	\$ 356,476	\$ -	\$ 356,476
Property tax collections	-	32,028,242	32,028,242
Total additions	356,476	32,028,242	32,384,718
<b>Deductions</b>			
Administrative expenses	15,415	-	15,415
Repairs and maintenance	325,104	-	325,104
Tax payments to other governments	-	32,028,242	32,028,242
Total deductions	340,519	32,028,242	32,368,761
<b>Net Increase in Fiduciary Net Position</b>	15,957	-	15,957
<b>Net Position - Beginning of year- as restated (Note 12)</b>	574,982	-	574,982
<b>Net Position - End of year</b>	<b>\$ 590,939</b>	<b>\$ -</b>	<b>\$ 590,939</b>