

WHITEFORD TOWNSHIP
Ottawa Lake, Michigan

ANNUAL FINANCIAL REPORT
June 30, 2019

WHITEFORD TOWNSHIP

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COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Township Board
Whiteford Township
Ottawa Lake, Michigan 49267

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 Whiteford Township, Michigan, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Township'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Whiteford Township, Michigan, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 13 and 50 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whiteford Township, Michigan's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements.

The other supplementary information, as identified in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2019, on our consideration of the Whiteford Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Whiteford Township's internal control over financial reporting and compliance.



November 11, 2019

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*

Township Board
Whiteford Township
Ottawa Lake, Michigan 49267

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Whiteford Township, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated November 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Whiteford Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Whiteford Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Whiteford Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Township Board
Whiteford Township

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Whiteford Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



November 11, 2019

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance required by the Uniform Guidance

Township Board
Whiteford Township
Ottawa Lake, Michigan 49267

Report on Compliance for Each Major Federal Program

We have audited Whiteford Township's compliance with the types of compliance described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Whiteford Township's major federal programs for the year ended June 30, 2019. Whiteford Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Whiteford Township's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Whiteford Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Whiteford Township's compliance.

Opinion on Each Major Federal Program

In our opinion, Whiteford Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Whiteford Township is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Whiteford Township's internal control over compliance with the types requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Whiteford Township's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely manner.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance, that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cooley Hehl Sabo & Calkins

November 11, 2019

WHITEFORD TOWNSHIP

Management's Discussion and Analysis Year Ended June 30, 2019

This section of Whiteford Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the Township's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the Township's revenues and expenditures by program for the General Fund, Special Revenue Funds, Capital Projects Fund, and Proprietary Funds.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Whiteford Township financially as a whole. The ***Government-Wide Financial Statements***, which include the Statement of Net Position and the Statement of Activities, provide information about the activities of the Township as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** 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 General Fund, the County Road Fund, the Fire Department Fund, the Capital Projects Fund, the Water Fund, the Sewer I Fund, and the Sewer II Fund. The following summary illustrates how the various parts of this annual report are arranged:

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

Government-Wide Financial Statements *Fund Financial Statements*

Notes to the Basic Financial Statements

Budgetary Information for Major Funds
(Required Supplemental Information)

Other Supplemental Information

WHITEFORD TOWNSHIP

Management's Discussion and Analysis *Year Ended June 30, 2019*

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities (pages 14-16), which appear first in the Township's financial statements, report information on the Township as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two government-wide statements report the Township's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the Township's operating results. However, the Township's goal is to provide services to our residents, not generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the services provided and the safety of the public to assess the overall health of the Township.

The government-wide financial statements of the Township are divided into two categories:

Governmental activities - The governmental activities for the Township, which encompass Township services, include general government services, public safety, public works, community and economic development, and recreation and cultural services. Property taxes, state-shared revenue, and licenses and permits provide most of the funding.

Business-type activities - The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer systems are treated as business-type activities.

Fund Financial Statements

The Township's Fund Financial Statements (pages 17-28) provide detailed information about the most significant or "major" funds - not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The Township's three types of funds, governmental, proprietary, and fiduciary use different accounting approaches as described below:

Governmental funds - Many of the Township's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Township and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 19 and 22.

Proprietary fund - A Proprietary Fund is used to account for business-type activities of the Township which consists of the Water Fund, the Sewer I Fund, and the Sewer II Fund. These funds account for the services provided by the Township where the Township charges customers for the services it provides. These funds use accrual accounting; the same method used by private sector business.

WHITEFORD TOWNSHIP

*Management's Discussion and Analysis
Year Ended June 30, 2019*

Fund Financial Statements - Concluded

Fiduciary funds – An Agency Fund is used to account for assets held by the Township as an agent for the collection and disbursement of property taxes.

Government-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the Township as a whole. Table 1 provides a summary of the Township's net position as of June 30, 2019 and 2018:

Table 1:

**Condensed Statement of Net Position
June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$1,309,942	\$2,083,326	\$5,736,110	\$6,085,393	\$7,046,052	\$8,168,719
Capital assets, net	2,617,310	2,260,575	12,006,969	10,730,514	14,624,279	12,991,089
Total Assets	3,927,252	4,343,901	17,743,079	16,815,907	21,670,331	21,159,808
Current and other liabilities	205,208	145,555	288,476	1,316,745	493,684	1,462,300
Long-term liabilities	224,995	328,082	5,013,000	4,234,200	5,237,995	4,562,282
Total Liabilities	430,203	473,637	5,301,476	5,550,945	5,731,679	6,024,582
Deferred Inflows of Resources	0	0	4,783,582	4,994,655	4,783,582	4,994,655
Net Position						
Net investment in capital assets	2,285,036	1,825,235	6,915,969	6,418,316	9,201,005	8,243,551
Restricted for:						
County road	222,412	232,470	0	0	222,412	232,470
Fire protection	429,519	811,502	0	0	429,519	811,502
Capital outlay	121,575	110,050	0	0	121,575	110,050
Liquor law enforcement	14,951	18,077	0	0	14,951	18,077
Public works	6,163	8,317	0	0	6,163	8,317
Unrestricted	939,201	864,613	742,052	(148,007)	1,681,253	716,606
Total Net Position	\$4,018,857	\$3,870,264	\$7,658,021	\$6,270,309	\$11,676,878	\$10,140,573

As depicted in Table 1, the Township's net position was \$11.6 million at June 30, 2019. Of this amount, \$939,201 and \$742,052 were unrestricted for governmental activities and business-type activities, respectively. This amount represents the *accumulated* results of all past years' operations. The unrestricted net position balance is used for working capital and cash flow needs, as well as to provide for future uncertainties. It means that if we had to pay off all of our debts *today*, including all of our noncapital liabilities, we could with current resources. The operating results of the General Fund, the Water Fund, and the Sewer Funds will have a significant impact on the change in unrestricted net position from year to year.

WHITEFORD TOWNSHIP

*Management's Discussion and Analysis
Year Ended June 30, 2019*

Government-Wide Financial Analysis - Continued

The results of this year's operations for the Township as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net position for the fiscal years ended June 30, 2019 and 2018.

Table 2:

**Changes in Net Position
Years Ended June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$282,672	\$229,963	\$150,267	\$104,777	\$432,939	\$334,740
Operating grants and contributions	13,543	13,584	989	0	14,532	13,584
Capital grants and contributions	0	0	1,090,606	3,786,468	1,090,606	3,786,468
	<u>296,215</u>	<u>243,547</u>	<u>1,241,862</u>	<u>3,891,245</u>	<u>1,538,077</u>	<u>4,134,792</u>
General revenues						
Property taxes	716,435	697,027	0	0	716,435	697,027
State grants	405,756	395,986	0	0	405,756	395,986
Special assessments	0	0	228,006	175,586	228,006	175,586
Interest and penalties	4,781	2,460	180,658	94,246	185,439	96,706
Contribution from local unit	13,698	87,580	0	0	13,698	87,580
Other general revenues	27,205	36,808	13,107	31,934	40,312	68,742
	<u>1,167,875</u>	<u>1,219,861</u>	<u>421,771</u>	<u>301,766</u>	<u>1,589,646</u>	<u>1,521,627</u>
Total Revenues	1,464,090	1,463,408	1,663,633	4,193,011	3,127,723	5,656,419
Functions/Program Expenses						
Legislative	17,588	29,555	0	0	17,588	29,555
General government	502,828	419,201	0	0	502,828	419,201
Public safety	446,771	341,179	0	0	446,771	341,179
Public works	253,894	111,651	0	0	253,894	111,651
Community and economic development	3,757	4,882	0	0	3,757	4,882
Recreation and cultural	75,542	107,918	0	0	75,542	107,918
Interest on long-term debt	15,117	13,893	0	0	15,117	13,893
Water and sewer	0	0	275,921	259,955	275,921	259,955
Total Expenses	<u>1,315,497</u>	<u>1,028,279</u>	<u>275,921</u>	<u>259,955</u>	<u>1,591,418</u>	<u>1,288,234</u>
Increase (Decrease) in Net Position	<u>\$148,593</u>	<u>\$435,129</u>	<u>\$1,387,712</u>	<u>\$3,933,056</u>	<u>\$1,536,305</u>	<u>\$4,368,185</u>

WHITEFORD TOWNSHIP

*Management's Discussion and Analysis
Year Ended June 30, 2019*

Government-Wide Financial Analysis – Concluded

As indicated in Table 2, the cost of *all governmental* activities this year was \$1,315,497. Of this amount, \$296,215 was subsidized with revenue generated from charges for services and operating grants and contributions with the remaining costs financed with general revenues, which consisted mainly of property taxes and state shared revenues. The Township's governmental activities experienced an increase in net position of \$148,593. The increase in net position differs from the change in fund balance. A reconciliation of the change in fund balances of the governmental funds to the change in net position appears on page 22.

As indicated in Table 2, the cost of all business-type activities this year was \$275,921. The water and sewer systems are financed by special assessments and grants.

Fund Financial Analysis

As noted earlier, the Township uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Whiteford Township is being held accountable for the resources taxpayers and others provide to it and may give more insight into the Township's overall financial health.

As the Township completed this year, the governmental funds reported a combined fund balance of \$1,733,821, which is a decrease of \$311,208 from last year. The changes by the major fund are as follows:

	General Fund	County Road Fund	Fire Department Fund	Capital Projects Fund	Other Nonmajor Funds	Total
Fund balances -						
Beginning of Year	\$864,613	\$232,470	\$811,502	\$110,050	\$26,394	\$2,045,029
Increase (decrease)	74,588	(10,058)	(381,983)	11,525	(5,280)	(311,208)
Fund balances -						
End of Year	<u>\$939,201</u>	<u>\$222,412</u>	<u>\$429,519</u>	<u>\$121,575</u>	<u>\$21,114</u>	<u>\$1,733,821</u>

The Township's General Fund balance increase is due to an increase in revenue of 7.3% which was primarily due to an increase of \$45,972 in licenses and permits. Expenditures increased this year; the most significant increase was an increase of \$74,102 for public works. There was a decrease in recreation and cultural of \$88,748 for recreation and cultural.

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percent Change</u>
Revenues			
Property taxes	\$276,901	\$267,185	3.6%
Licenses and permits	100,021	54,049	85.06%
State grants	415,390	405,595	2.4%
Charges for services	172,408	163,818	5.2%
Interest and penalties	1,921	1,216	58.0%
Other revenue	27,205	34,308	(20.7)%
Total Revenues	<u>\$993,846</u>	<u>\$926,171</u>	7.3%

WHITEFORD TOWNSHIP

Management's Discussion and Analysis Year Ended June 30, 2019

Fund Financial Analysis – Concluded

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percent Change</u>
Expenditures			
Legislative	\$17,588	\$29,555	(40.5)%
General government	453,435	365,015	24.2%
Public safety	211,468	180,548	17.1%
Public works	113,144	39,042	189.8%
Community and economic development	3,757	4,882	(23.0)%
Recreation and cultural	56,434	145,182	(61.1)%
Other	53,432	53,498	(0.1)%
Operating transfer out	10,000	60,000	(83.3)%
	<u> </u>	<u> </u>	
Total Expenditures	<u>\$919,258</u>	<u>\$877,722</u>	4.7%

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the Township Board to adopt the original budget for the upcoming fiscal year prior to April 1, the start of the fiscal year. Over the course of the year, the Township revises its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the Township's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

The revisions made to the original budget were relatively minor. The original budget for revenues of \$935,041 was amended during the year by \$10,000 to \$945,041. The amendment was the addition of \$10,000 for other revenue. The original budget for expenditures was \$935,350 which was amended during the year to \$1,055,327. The most significant amendments were for township hall and grounds, police department, building inspection, roads and drains, and transfer out.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2019, the Township had \$17,053,315 invested in a broad range of capital assets, including land, building and building improvements, park improvements, equipment, furniture and fixtures, vehicles, for water and sewer lines. This amount represents an increase (including additions and disposals) of \$1,893,133 from last year. This year's additions included a fire truck, fire equipment, washer/extractor, election ballot box, pump grinder, and water line construction. Depreciation for governmental activities totaled \$201,773, and depreciation for business-type activities totaled \$58,172. Detailed information regarding capital assets is included in Note 5 to the financial statements.

Debt

As of June 30, 2019, the Township had \$5,419,081 in bonds payable. The bonds payable is comprised of Michigan transportation fund bonds, a general obligation limited tax note, and limited tax special assessment bonds. Detailed information regarding the Township's debt is included in Note 8 to the financial statements.

WHITEFORD TOWNSHIP

Management's Discussion and Analysis Year Ended June 30, 2019

Development of the 2020 Fiscal Year Budget

Whiteford Township officials considered many factors when setting the Township's 2020 budget. The Township used the 2019 budget as a template by reviewing the previous fiscal year's spending patterns. Thought is also given to important factors affecting the budget, such as property taxes and state shared revenue, which account for 64% of the Township's budgeted revenues. Total budgeted revenues are \$962,350. Budgeted revenues increased by approximately \$17,000. The increase in revenues is due primarily to an increase in taxes and state shared revenue. The budget for expenditures is \$957,022 which is a decreased by \$98,305. The most significant decreases were \$70,052 in building and grounds and \$18,250 in professional services. This budget will increase the carryforward fund balance by \$5,328.

Contacting Whiteford Township

This financial report is designed to provide the Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate their accountability for the money it receives. If you have questions about this report or need additional information, contact Whiteford Township, 8000 Yankee Road, Suite 100, Ottawa Lake, MI 49267.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

WHITEFORD TOWNSHIP

*Statement of Net Position
Year Ended June 30, 2019*

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$1,309,942	\$957,568	\$2,267,510
Certificates of deposit	121,575	30,093	151,668
Receivables:			
Accounts and accrued interest	17,653	41,837	59,490
Special assessments	0	4,914,415	4,914,415
Due from other governmental units	161,620	0	161,620
Prepaid expenses	12,750	407	13,157
Internal balances	208,210	(208,210)	0
Non-current assets:			
Capital assets, net	2,617,310	12,006,969	14,624,279
Total Assets	<u>4,449,060</u>	<u>17,743,079</u>	<u>22,192,139</u>
Liabilities			
Current liabilities:			
Accounts payable	75,187	194,901	270,088
Accrued liabilities	20,342	0	20,342
Accrued interest	4,193	15,575	19,768
Refundable bonds	2,400	0	2,400
Bonds payable - current portion	103,086	78,000	181,086
Non-current liabilities:			
Bonds payable - non-current portion	224,995	5,013,000	5,237,995
Total Liabilities	430,203	5,301,476	5,731,679
Deferred Inflows of Resources			
Special assessments	0	4,783,582	4,783,582
Net Position			
Net investment in capital assets	2,285,036	6,915,969	9,201,005
Restricted for:			
County road	222,412	0	222,412
Fire protection	429,519	0	429,519
Capital outlay	121,575	0	121,575
Liquor law enforcement	14,951	0	14,951
Public works	6,163	0	6,163
Unrestricted	939,201	742,052	1,681,253
Total Net Position	<u>\$4,018,857</u>	<u>\$7,658,021</u>	<u>\$11,676,878</u>

See accompanying notes to the basic financial statements.

WHITEFORD TOWNSHIP

*Statement of Activities
Year Ended June 30, 2019*

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
Legislative	\$17,588	\$0	\$0	\$0
General government	502,828	122,200	0	0
Public safety	446,771	4,500	3,909	0
Public works	253,894	155,972	9,634	0
Community and economic development	3,757	0	0	0
Recreation and cultural	75,542	0	0	0
Interest on long-term debt	15,117	0	0	0
Total Governmental Activities	1,315,497	282,672	13,543	0
Business-type activities:				
Water and Sewer	275,921	150,267	0	1,090,606
Total Primary Government	\$1,591,418	\$432,939	\$13,543	\$1,090,606

General Revenues:

- Property taxes
- State grants
- Special assessments
- Interest and penalties
- Contribution from local unit
- Other revenue

Total General Revenues

Change in Net Position

Net Position - Beginning
of year

Net Position - End of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
(\$17,588)	\$0	(\$17,588)
(380,628)	0	(380,628)
(438,362)	0	(438,362)
(88,288)	0	(88,288)
(3,757)	0	(3,757)
(75,542)	0	(75,542)
(15,117)	0	(15,117)
(1,019,282)	0	(1,019,282)
0	964,952	964,952
(1,019,282)	964,952	(54,330)
716,435	0	716,435
405,756	0	405,756
0	228,006	228,006
4,781	180,658	185,439
13,698	0	13,698
27,205	14,096	41,301
1,167,875	422,760	1,590,635
148,593	1,387,712	1,536,305
3,870,264	6,270,309	10,140,573
\$4,018,857	\$7,658,021	\$11,676,878

FUND FINANCIAL STATEMENTS

WHITEFORD TOWNSHIP

*Governmental Funds
Balance Sheet
June 30, 2019*

	Special Revenue Funds		
	General	County Road	Fire Department
Assets			
Cash and cash equivalents	\$613,955	\$220,843	\$453,023
Certificates of deposit	0	0	0
Accounts receivable and accrued interest	17,653	0	0
Due from other funds	238,840	0	0
Due from other governmental units	146,414	7,126	7,126
Prepaid expenditures	12,750	0	0
Deposit	0	0	0
Total Assets	\$1,029,612	\$227,969	\$460,149
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$72,029	\$1,197	\$0
Accrued liabilities	15,982	4,360	0
Due to other funds	0	0	30,630
Refundable bonds	2,400	0	0
Total Liabilities	90,411	5,557	30,630
Fund Balances			
Nonspendable:			
Prepaid expenditures	12,750	0	0
Restricted for:			
County road	0	222,412	0
Fire department	0	0	429,519
Liquor law enforcement	0	0	0
Public works	0	0	0
Committed to:			
Capital projects	0	0	0
Unassigned	926,451	0	0
Total Fund Balances	939,201	222,412	429,519
Total Liabilities and Fund Balances	\$1,029,612	\$227,969	\$460,149

See accompanying notes to the basic financial statements.

Capital Projects		
Fund Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$22,121	\$1,309,942
121,575	0	121,575
0	0	17,653
0	0	238,840
0	954	161,620
0	0	12,750
0	0	0
<u>\$121,575</u>	<u>\$23,075</u>	<u>\$1,862,380</u>
\$0	\$1,961	\$75,187
0	0	20,342
0	0	30,630
0	0	2,400
0	1,961	128,559
0	0	12,750
0	0	222,412
0	0	429,519
0	14,951	14,951
0	6,163	6,163
121,575	0	121,575
0	0	926,451
<u>121,575</u>	<u>21,114</u>	<u>1,733,821</u>
<u>\$121,575</u>	<u>\$23,075</u>	<u>\$1,862,380</u>

WHITEFORD TOWNSHIP

*Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Year Ended June 30, 2019*

Total Fund Balances - Governmental Funds		\$1,733,821
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:		
Cost of the capital assets	\$5,667,008	
Accumulated depreciation	<u>(3,049,698)</u>	
		2,617,310
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	(328,081)	
Accrued interest	<u>(4,193)</u>	
		<u>(332,274)</u>
Total Net Position - Governmental Activities		<u><u>\$4,018,857</u></u>

See accompanying notes to the basic financial statements.

WHITEFORD TOWNSHIP

*Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2019*

	Special Revenue Funds			Capital Projects
	General	County	Fire	Fund
		Road	Department	Capital Projects
Revenues				
Property taxes	\$276,901	\$223,316	\$217,781	\$0
Special assessments	0	0	0	0
Licenses and permits	100,021	0	0	0
State grants	415,390	0	0	0
Contribution from local unit	0	13,698	0	0
Charges for services	172,408	0	0	0
Interest and penalties	1,921	205	1,130	1,525
Other revenue	27,205	0	0	0
Total Revenues	993,846	237,219	218,911	1,525
Expenditures				
Legislative	17,588	0	0	0
General government	453,435	0	0	0
Public safety	211,468	0	600,894	0
Public works	113,144	129,094	0	0
Community and economic development	3,757	0	0	0
Recreation and cultural	56,434	0	0	0
Debt service	0	118,183	0	0
Other	53,432	0	0	0
Total Expenditures	909,258	247,277	600,894	0
Other Financing Sources				
Operating transfers in	0	0	0	10,000
Operating transfers out	(10,000)	0	0	0
Total Other Financing Sources	(10,000)	0	0	10,000
Net Change in Fund Balances	74,588	(10,058)	(381,983)	11,525
Fund Balances - Beginning of year	864,613	232,470	811,502	110,050
Fund Balances - End of year	<u>\$939,201</u>	<u>\$222,412</u>	<u>\$429,519</u>	<u>\$121,575</u>

See accompanying notes to the basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$717,998
8,680	8,680
0	100,021
3,909	419,299
0	13,698
0	172,408
0	4,781
0	27,205
12,589	1,464,090
0	17,588
0	453,435
7,035	819,397
10,834	253,072
0	3,757
0	56,434
0	118,183
0	53,432
17,869	1,775,298
0	10,000
0	(10,000)
0	0
(5,280)	(311,208)
26,394	2,045,029
<u>\$21,114</u>	<u>\$1,733,821</u>

WHITEFORD TOWNSHIP

*Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019*

Net Change in Fund Balances - Total Governmental Funds		(\$311,208)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense.		
Depreciation expense	(\$201,773)	
Capital outlay	<u>558,508</u>	356,735
Repayment of long-term debt is reported as expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		101,750
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.		<u>1,316</u>
Change in Net Position of Governmental Activities		<u><u>\$148,593</u></u>

See accompanying notes to the basic financial statements.

WHITEFORD TOWNSHIP

*Proprietary Funds
Statement of Net Position
June 30, 2019*

	Business-type Activities Enterprise Funds			Totals
	Water Fund	Sewer I Fund	Sewer II Fund	
Assets				
Current Assets:				
Cash	\$744,075	\$61,608	\$111,733	\$917,416
Certificates of deposit	0	15,464	0	15,464
Receivables:				
Accounts	26,055	6,161	9,621	41,837
Special assessments	4,383,536	0	530,879	4,914,415
Prepaid expenses	407	0	0	407
Due from other funds	0	0	2,619	2,619
Total Current Assets	5,154,073	83,233	654,852	5,892,158
Restricted Assets:				
Certificates of deposit	14,629	0	40,152	54,781
Capital Assets	9,448,057	22,114	2,768,136	12,238,307
Less: accumulated depreciation	0	(1,617)	(229,721)	(231,338)
Total capital assets	9,448,057	20,497	2,538,415	12,006,969
Total Assets	14,616,759	103,730	3,233,419	17,953,908

See accompanying notes to the basic financial statements.

	Business-type Activities Enterprise Funds			Totals
	Water Fund	Sewer I Fund	Sewer II Fund	
Liabilities				
Current liabilities:				
Accounts payable	\$191,590	\$1,647	\$1,664	\$194,901
Accrued interest	10,693	0	4,882	15,575
Due to other funds	135,903	50,835	24,091	210,829
Bonds payable - current portion	65,000	0	13,000	78,000
Total Current Liabilities	403,186	52,482	43,637	499,305
Non-current liabilities:				
Bonds payable - non-current portion	4,438,000	0	575,000	5,013,000
Total Liabilities	4,841,186	52,482	618,637	5,512,305
Deferred Inflows of Resources				
Special assessments	4,268,158	0	515,424	4,783,582
Net Position				
Net investment in capital assets	4,945,057	20,497	1,950,415	6,915,969
Unrestricted	562,358	30,751	148,943	742,052
Total Net Position	\$5,507,415	\$51,248	\$2,099,358	\$7,658,021

WHITEFORD TOWNSHIP

*Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2019*

	Business-type Activities			Totals
	Enterprise Funds			
	Water Fund	Sewer I Fund	Sewer II Fund	
Operating Revenues				
Charges for services:				
Collection fees	\$51,319	\$38,052	\$60,896	\$150,267
Other revenue	0	0	989	989
Total Operating Revenues	51,319	38,052	61,885	151,256
Operating Expenses				
Sources of supply:				
Contracted services	0	18,768	460	19,228
Utilities	0	21,116	5,069	26,185
Operating supplies	0	0	24,063	24,063
Depreciation	0	443	57,728	58,171
	0	40,327	87,320	127,647
Office and administration:				
Wages	0	4,800	4,800	9,600
Fringe benefits	0	367	367	734
Office supplies and maintenance	815	0	1,254	2,069
Miscellaneous	0	31	0	31
	815	5,198	6,421	12,434
Total Operating Expenses	815	45,525	93,741	140,081
Total Operating Income (Loss)	50,504	(7,473)	(31,856)	11,175
Non-Operating Revenues (Expenses)				
Special assessment	190,363	0	37,643	228,006
Interest revenue	180,566	92	0	180,658
Interest expense	(123,846)	0	(11,994)	(135,840)
Grant revenue	1,078,000	12,606	0	1,090,606
Reimbursement	0	13,107	0	13,107
Total Non-Operating Revenues (Expenses)	1,325,083	25,805	25,649	1,376,537
Change in Net Position	1,375,587	18,332	(6,207)	1,387,712
Net Position - Beginning of Year	4,131,828	32,916	2,105,565	6,270,309
Net Position - End of Year	\$5,507,415	\$51,248	\$2,099,358	\$7,658,021

See accompanying notes to the basic financial statements.

WHITEFORD TOWNSHIP

*Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2019*

	Business-type Activities Enterprise Funds			Totals
	Water Fund	Sewer I Fund	Sewer II Fund	
Cash Flows from Operating Activities				
Receipts from customers	\$24,857	\$71,277	\$58,126	\$154,260
Payments to suppliers	(828,796)	(40,052)	(30,163)	(899,011)
Payments to employees	0	(5,167)	(5,167)	(10,334)
Net cash provided (used) by operating activities	(803,939)	26,058	22,796	(755,085)
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(1,331,134)	0	(3,491)	(1,334,625)
Bond proceeds	856,800	0	0	856,800
Principal payments on bonds payable	(65,000)	0	(13,000)	(78,000)
Interest paid	(113,153)	0	(11,911)	(125,064)
Special assessments	192,598	0	37,952	230,550
Grant revenue	1,078,000	12,606	0	1,090,606
Reimbursements	0	13,107	0	13,107
Net cash provided (used) for capital and related financing activities	618,111	25,713	9,550	653,374
Cash Flows from Investing Activities				
Interest income	180,566	92	0	180,658
Net Increase (Decrease) in Cash and Cash Equivalents	(5,262)	51,863	32,346	78,947
Cash and Cash Equivalents - Beginning of Year	763,966	25,209	119,539	908,714
Cash and Cash Equivalents - End of Year	<u>\$758,704</u>	<u>\$77,072</u>	<u>\$151,885</u>	<u>\$987,661</u>
Balance Sheet Classification of Cash and Cash Equivalents				
Cash	\$744,075	\$61,608	\$111,733	\$917,416
Certificates of deposit	0	15,464	0	15,464
Restricted Cash	14,629	0	40,152	54,781
Total Cash and Cash Equivalents	<u>\$758,704</u>	<u>\$77,072</u>	<u>\$151,885</u>	<u>\$987,661</u>

See accompanying notes to the basic financial statements.

WHITEFORD TOWNSHIP

*Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2019*

	Business-type Activities			Totals
	Enterprise Funds			
	Water Fund	Sewer I Fund	Sewer II Fund	
Reconciliation of Operating Income to Net Cash				
Provided by Operating Activities				
Operating income (loss)	\$50,504	(\$7,473)	(\$31,856)	\$11,175
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	0	443	57,728	58,171
Changes in operating assets and liabilities:				
(Increase) decrease accounts receivable	(26,055)	33,225	(2,979)	4,191
(Increase) decrease prepaid expenses	(407)	0	0	(407)
Increase (decrease) accounts payable	(828,903)	(137)	683	(828,357)
Increase (decrease) due to other funds	922	0	0	922
Increase (decrease) due to other governmental units	0	0	(780)	(780)
Net Cash Provided by Operating Activities	(\$803,939)	\$26,058	\$22,796	(\$755,085)

See accompanying notes to the basic financial statements.

WHITEFORD TOWNSHIP

Agency Fund
Statement of Fiduciary Net Position
June 30, 2019

	<u>Tax Collection</u>
Assets	
Cash	\$11,106
Due from other governmental units	<u>19,406</u>
Total Assets	<u><u>\$30,512</u></u>
 Liabilities	
Due to other governmental units	<u>\$30,512</u>
Total Liabilities	<u><u>\$30,512</u></u>

See accompanying notes to the basic financial statements.

WHITEFORD TOWNSHIP

Notes to Financial Statements
Year Ended June 30, 2019

Note 1 Description of the Township and Reporting Entity

The Township operates under a locally elected five member Board form of government and provides the following services: public safety, roads and drains, recreation and culture, public improvements, planning and zoning, water and sewer services, and general administrative services.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township.

Component units are legally separate organizations for which the Township is financially accountable. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt, or the levying of taxes. The Township does not have any component units.

Note 2 Summary of Significant Accounting Policies

The financial statements of Whiteford Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the Township's accounting policies.

Basis of Presentation

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities which rely, to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, sales of property, and other items not properly included among program revenues.

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

WHITEFORD TOWNSHIP

Notes to Financial Statements
Year Ended June 30, 2019

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

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

Government-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Governmental fund expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

On the governmental funds' statements, property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

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

Agency fund statements also are reported using the economic resources measurement focus and the cash basis of accounting.

The Township reports the following major governmental funds:

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

The County Road Fund is a special revenue fund. The County Road Fund accounts for proceeds from a tax millage to be used for the purpose of construction and maintenance of county roads.

The Fire Department Fund is a special revenue fund. The Fire Department Fund accounts for proceeds from a tax millage to be used for the purpose of capital expenditures including equipment purchases and debt reduction.

The Capital Projects Fund accounts for capital improvements and other capital expenditures.

The Township reports the following major proprietary funds:

The Water Fund, the Sewer I Fund, and the Sewer II Fund account for the provision of water and sewer services to residents of the Township.

WHITEFORD TOWNSHIP

Notes to Financial Statements
Year Ended June 30, 2019

Note 2 Summary of Significant Accounting Policies (Continued)
Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

The Township reports the following nonmajor funds:

The Streetlight Fund, the Liquor Law Enforcement Fund, and the Private Roads Fund are the Township’s nonmajor governmental funds. These funds are restricted for a particular purpose.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues 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 revenues of the Water Fund and the Sewer Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Assets, Liabilities, and Net Position or Equity

Deposits and Investments - 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 are stated at fair value.

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on July 1 and December 1 of the following year. Summer taxes are considered delinquent July 31 and winter taxes are considered delinquent February 14 of the following year.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. water lines, sewer lines, roads etc.) are reported in the applicable governmental or business-type activities columns of the government-wide financial statements. Capital assets are defined by the Township as assets with an individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when actual cost information is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Buildings Improvements	20-50 years
Machinery and Equipment	3-10 years
Vehicles	5-8 years
Water Lines	50 years
Sewer Lines	50 years

WHITEFORD TOWNSHIP

Notes to Financial Statements
Year Ended June 30, 2019

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

C. Assets, Liabilities, and Net Position or Equity (Continued)

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental activities column of the statement of net position. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Accrued Liabilities and Long-Term Obligations - In the government-wide financial statements and proprietary fund financial statements, long-term debts, notes, and other obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund types statement of net position.

Once payables and accrued liabilities are incurred they are reported as obligations of the funds. In general, they are paid in a timely manner. However, claims and judgments that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans that are paid from governmental funds are recognized as an expenditure on the governmental fund financial statements when due.

Unavailable/Unearned Revenue - Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received but not yet earned.

Net Position - Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The components of net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position is unrestricted when other net position does not meet the definition of net investment in capital assets or is restricted and is available for general use. Restricted resources should be used first, followed by unrestricted amounts.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance Non-spendable, Restricted, Committed, Assigned, and Unassigned - The fund balance is categorized as non-spendable, restricted, committed, assigned, or unassigned based on the relative strength of the spending constraints. The Township Board has the authority to place funds under the committed and assigned categories. Restricted resources should be used first, followed by committed funds, assigned amounts, and then unassigned amounts. The Township Board will maintain a minimum unassigned fund balance in the General Fund that is at least 50% of annual budgeted expenditures.

WHITEFORD TOWNSHIP

*Notes to Financial Statements
Year Ended June 30, 2019*

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

C. Assets, Liabilities, and Net Position or Equity (Concluded)

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Township and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2019.

F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Township Board at the function level. Any budgetary modifications may only be made by the Township's Board.

The Township follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to June 30, the fiscal officer submits to Township Board a proposed operating budget for the fiscal year commencing on July 1.
 2. A public hearing is conducted during June to obtain taxpayer comments.
 3. Prior to June 30, the budget is legally enacted through passage of a resolution.
 4. During the year the budget is monitored, and amendments to the budget deemed necessary are approved by the Township Board.
 5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
 6. Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.
- G. Restricted Assets - Restricted assets on the statement of net position indicate restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net position restrictions as of June 30, 2019: county road, fire department, liquor law enforcement, public works, and capital outlay.

WHITEFORD TOWNSHIP

Notes to Financial Statements
Year Ended June 30, 2019

Note 2 Summary of Significant Accounting Policies (Concluded)
Basis of Presentation (Concluded)

H. Subsequent Events - Township's management evaluated subsequent events from June 30, 2019 through November 11, 2019, the date the financial statements were available to be issued.

Note 3 Stewardship, Accountability and Compliance

The Township shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General and Special Revenue Funds.

In the required supplemental information, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

Note 4 Deposits

Statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the Township may not be deposited in financial institutions located in states other than Michigan.

Public Act 367 of 1982 (known as the Surplus Funds Investment Pool Act) enables municipalities to invest surplus operating funds in investment pools managed by qualified financial institutions. At June 30, 2019, Whiteford Township had invested in such a fund with a local bank. The Township is able to retrieve these funds without restriction and, accordingly, this amount is considered to be available cash. The local bank invests these funds in a variety of instruments including bonds and direct obligations of the United States, certificates of deposit, commercial paper rated within the three highest classifications by not less than two standard rating services, United States government or federal agency obligation repurchase agreements and bankers acceptances of the United States banks.

The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Board has adopted an investment policy authorizing certain types of investments and authorized these depositories: Monroe Bank and Trust, Key Bank, Fifth Third Bank, and Blissfield State Bank.

Interest rate risk. The Township's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

WHITEFORD TOWNSHIP

*Notes to Financial Statements
Year Ended June 30, 2019*

Note 4 Deposits (Concluded)

Credit risk. The Township will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the Township's investment policy.

Concentration of credit risk. The Township does not place any limits on the amount the Township may deposit or invest in any one issuer.

Custodial credit risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned or the Township will not be able to recover the collateral securities in the possession of an of an outside party. The Township has \$2,456,858 invested in certificates of deposit, checking accounts, and money markets. The Township's deposits are insured by the FDIC in the amount of \$762,577. The Township has uninsured of \$1,694,281. The Township Board approves and designates a list of authorized depository institutions. The Township's investment policy does not address deposit risk.

Foreign currency risk. The Township is not authorized to invest in investments which have this type of risk.

Note 5 Capital Assets

A summary of changes in capital assets follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities:				
Assets not being depreciated:				
Land	\$685,531	\$0	\$0	\$685,531
Capital assets being depreciated:				
Buildings and building improvements	1,603,303	0	0	1,603,303
Park improvements	108,817	0	0	108,817
Land improvements	16,439	0	0	16,439
Equipment	535,280	28,537	0	563,817
Furniture and fixtures	25,425	0	0	25,425
Vehicles	2,133,705	529,971	0	2,663,676
	4,422,969	558,508	0	4,981,477
Total capital assets	5,108,500	558,508	0	5,667,008
Less accumulated depreciation for:				
Buildings and building improvements	(795,522)	(59,337)	0	(854,859)
Park improvements	(21,220)	(8,531)	0	(29,751)
Land improvements	(565)	(822)	0	(1,387)
Equipment	(498,770)	(9,494)	0	(508,264)
Furniture and fixtures	(25,425)	0	0	(25,425)
Vehicles	(1,506,423)	(123,589)	0	(1,630,012)
	(2,847,925)	(201,773)	0	(3,049,698)
Total accumulated depreciation	(2,847,925)	(201,773)	0	(3,049,698)
Net capital assets	\$2,260,575	\$356,735	\$0	\$2,617,310

WHITEFORD TOWNSHIP

*Notes to Financial Statements
Year Ended June 30, 2019*

Note 5 Capital Assets (Concluded)

Depreciation expense was charged to governmental functions as follows:

General government	\$1,256
Public safety	180,587
Public works	822
Recreation and cultural	<u>19,108</u>
 Total Governmental activities	 <u><u>\$201,773</u></u>

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Business-type Activities:				
Assets not being depreciated:				
Construction in progress - water	\$8,116,923	\$0	\$8,116,923	\$0
Capital assets being depreciated:				
Water lines	0	0	0	0
Sewer lines	2,757,156	0	0	2,757,156
Mains/meters	0	0	0	0
Sewer treatment plant	0	0	0	0
Sewer land improvements	3,000	0	0	3,000
Sewer equipment	26,603	3,491	0	30,094
Water lines	0	6,532,043	0	6,532,043
Water land improvements	0	115,000	0	115,000
Water buildings and improvements	0	1,298,860	0	1,298,860
Water equipment	0	1,502,154	0	1,502,154
Total capital assets	<u>10,903,682</u>	<u>9,451,548</u>	<u>8,116,923</u>	<u>12,238,307</u>
Less accumulated depreciation for:				
Sewer lines	(165,230)	(55,144)	0	(220,374)
Land improvements	(550)	(300)	0	(850)
Equipment	<u>(7,386)</u>	<u>(2,728)</u>	0	<u>(10,114)</u>
Total accumulated depreciation	<u>(173,166)</u>	<u>(58,172)</u>	<u>0</u>	<u>(231,338)</u>
Net capital assets	<u><u>\$10,730,516</u></u>	<u><u>\$9,393,376</u></u>	<u><u>\$8,116,923</u></u>	<u><u>\$12,006,969</u></u>

WHITEFORD TOWNSHIP

*Notes to Financial Statements
Year Ended June 30, 2019*

Note 6 Interfund Payables and Receivables
Such balances at June 30, 2019 were:

	Interfund Receivables	Interfund Payables
General Fund:		
Fire Department Fund	\$30,630	\$0
Water Fund	135,903	0
Sewer I Fund	48,216	0
Sewer II Fund	24,091	0
Fire Department Fund:		
General Fund	0	30,630
Water Fund:		
General Fund	0	135,903
Sewer I Fund:		
General Fund	0	48,216
Sewer II Fund	0	2,619
Sewer II Fund:		
General Fund	0	24,091
Sewer I Fund	2,619	0
	\$241,459	\$241,459

Interfund balances reflect temporary loans and reimbursements due in the normal course of interfund activity.

Note 7 Interfund Transfers
Interfund transfers for the year ended June 30, 2019 consisted of the following:

	Transfer Out General Fund
Transfer In Capital Projects Fund	\$10,000

WHITEFORD TOWNSHIP

*Notes to Financial Statements
Year Ended June 30, 2019*

Note 8 Long-Term Debt

The following is a summary of long-term debt outstanding as of June 30, 2019:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Maturity Dates</u>	<u>Original Amount of Issue</u>	<u>Balance Outstanding</u>
Governmental activities:					
Contract Liability for:					
Act 143 Notes, Series 2011 Michigan Transportation Fund Bonds. Whiteford Township's portion is 26.75%.	3.250%	5/5/11	2/1/20	\$218,013	\$28,081
Contract Liability for:					
Act 143 Notes, Series 2012 Michigan Transportation Fund Bonds.	3.050%	5/31/12	8/1/22	700,000	300,000
				<u>918,013</u>	<u>328,081</u>
Business-type activities:					
Contract Liability for:					
2017 Special Assessment Bond, Series A-1, Limited Tax General Obligation Water System Bonds.	2.000%	6/22/17	6/1/57	1,091,000	1,055,000
2017 Special Assessment Bond, Series A-2, Limited Tax General Obligation Water System Bonds.	2.000%	6/22/17	6/1/57	528,000	510,000
2017 Special Assessment Bond, Series B, Limited Tax General Obligation Water System Bonds.	3.375%	6/22/17	6/1/57	3,013,000	2,938,000
Contract Liability for:					
2013 Special Assessment Bond, Series A, Limited Tax General Obligation Sewer System Bonds.	2.000%	8/20/13	8/1/54	618,000	571,000
2013 Special Assessment Bond, Series B, Limited Tax General Obligation Sewer System Bonds.	2.125%	8/20/13	8/1/54	62,000	17,000
				<u>5,312,000</u>	<u>5,091,000</u>
				<u>\$6,230,013</u>	<u>\$5,419,081</u>

WHITEFORD TOWNSHIP

*Notes to Financial Statements
Year Ended June 30, 2019*

Note 8 Long-Term Debt (Continued)

The following is a summary of changes in long-term debt as of June 30, 2019:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Act 143 Notes, Series 2011					
Michigan Transportation Fund					
Bonds: \$815,000 issue dated					
May 5, 2011. Whiteford					
Township's portion is 26.75%					
or \$218,013 maturing in annual					
amounts from \$22,735 to \$28,086					
and bearing an interest rate of					
3.250%.	\$54,831	\$0	\$26,750	\$28,081	\$28,081
Act 143 Notes, Series 2012					
Michigan Transportation Fund					
Bonds: \$700,000 issue dated					
May 31, 2012, maturing in annual					
amounts from \$50,000 to \$75,000					
and bearing an interest rate of					
3.050%.	<u>375,000</u>	<u>0</u>	<u>75,000</u>	<u>300,000</u>	<u>75,000</u>
Total governmental activities	429,831	0	101,750	328,081	103,081

WHITEFORD TOWNSHIP

*Notes to Financial Statements
Year Ended June 30, 2019*

Note 8 Long-Term Debt (Continued)

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Business-type activities:					
2013 Special Assessment Bonds, Series A (limited tax): \$618,000 issue dated August 20, 2013, maturing in annual amounts from \$2,000 to \$21,000 and bearing an interest rate of 2.000%.	\$583,000	\$0	\$12,000	\$571,000	\$12,000
2013 Special Assessment Bonds, Series B (limited tax): \$62,000 issue dated August 20, 2013, maturing in annual amounts from \$1,000 to \$3,000 and bearing an interest rate of 2.125%.	18,000	0	1,000	17,000	1,000
2017 Special Assessment Bonds, Series A-1 (limited tax): \$1,091,000 issue dated June 22, 2017, maturing in annual amounts from \$18,000 to \$41,000 and bearing an interest rate of 2.000%.	1,073,000	0	18,000	1,055,000	19,000
2017 Special Assessment Bonds, Series A-2 (limited tax): \$528,000 issue dated June 22, 2017, maturing in annual amounts from \$9,000 to \$19,000 and bearing an interest rate of 2.000%.	519,000	0	9,000	510,000	9,000
2017 Special Assessment Bonds, Series B (limited tax): \$3,013,000 issue dated June 22, 2017, maturing in annual amounts from \$37,000 to \$136,000 and bearing an interest rate of 3.375%.	<u>2,119,200</u>	<u>856,800</u>	<u>38,000</u>	<u>2,938,000</u>	<u>39,000</u>
Total business-type activities	<u>4,312,200</u>	<u>856,800</u>	<u>78,000</u>	<u>5,091,000</u>	<u>80,000</u>
Total long-term debt	<u>\$4,742,031</u>	<u>\$856,800</u>	<u>\$179,750</u>	<u>\$5,419,081</u>	<u>\$183,081</u>

WHITEFORD TOWNSHIP

*Notes to Financial Statements
Year Ended June 30, 2019*

Note 8 Long-Term Debt (Continued)

Act 143 Notes, Series 2011 Michigan Transportation Fund Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>		<u>Total Principal and Interest Due Annually</u>
	<u>August 1</u>	<u>August 1</u>	<u>February 1</u>	
2020	<u>\$28,081</u>	<u>\$456</u>	<u>\$456</u>	<u>\$28,993</u>

Act 143 Notes, Series 2012 Michigan Transportation Fund Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>		<u>Total Principal and Interest Due Annually</u>
	<u>August 1</u>	<u>August 1</u>	<u>February 1</u>	
2020	\$75,000	\$4,575	\$3,431	\$83,006
2021	75,000	3,431	2,288	80,719
2022	75,000	2,288	1,144	78,432
2023	75,000	1,144	0	76,144
	<u>\$300,000</u>	<u>\$11,438</u>	<u>\$6,863</u>	<u>\$318,301</u>

WHITEFORD TOWNSHIP

*Notes to Financial Statements
Year Ended June 30, 2019*

Note 8 Long-Term Debt (Continued)
2013 Special Assessment Bonds, Series A (Limited Tax)

Year	Principal	Interest		Total Principal and Interest Due Annually
	August 1	August 1	February 1	
2020	\$12,000	\$5,710	\$5,590	\$23,300
2021	12,000	5,590	5,470	23,060
2022	13,000	5,470	5,340	23,810
2023	13,000	5,340	5,210	23,550
2024	13,000	5,210	5,080	23,290
2025	13,000	5,080	4,950	23,030
2026	14,000	4,950	4,810	23,760
2027	14,000	4,810	4,670	23,480
2028	14,000	4,670	4,530	23,200
2029	15,000	4,530	4,380	23,910
2030	15,000	4,380	4,230	23,610
2031	15,000	4,230	4,080	23,310
2032	15,000	4,080	3,930	23,010
2033	15,000	3,930	3,780	22,710
2034	15,000	3,780	3,630	22,410
2035	15,000	3,630	3,480	22,110
2036	16,000	3,480	3,320	22,800
2037	16,000	3,320	3,160	22,480
2038	16,000	3,160	3,000	22,160
2039	17,000	3,000	2,830	22,830
2040	17,000	2,830	2,660	22,490
2041	17,000	2,660	2,490	22,150
2042	17,000	2,490	2,320	21,810
2043	18,000	2,320	2,140	22,460
2044	18,000	2,140	1,960	22,100
2045	18,000	1,960	1,780	21,740
2046	19,000	1,780	1,590	22,370
2047	19,000	1,590	1,400	21,990
2048	19,000	1,400	1,210	21,610
2049	19,000	1,210	1,020	21,230
2050	20,000	1,020	820	21,840
2051	20,000	820	620	21,440
2052	20,000	620	420	21,040
2053	21,000	420	210	21,630
2054	21,000	210	0	21,210
	<u>\$571,000</u>	<u>\$111,820</u>	<u>\$106,110</u>	<u>\$788,930</u>

WHITEFORD TOWNSHIP

*Notes to Financial Statements
Year Ended June 30, 2019*

Note 8 Long-Term Debt (Continued)
2013 Special Assessment Bonds, Series B (Limited Tax)

Year	Principal	Interest		Total Principal
	August 1	August 1	February 1	and Interest Due Annually
2020	\$1,000	\$181	\$181	\$1,362
2021	1,000	170	170	1,340
2022	1,000	159	159	1,318
2023	1,000	149	149	1,298
2024	1,000	138	138	1,276
2025	1,000	128	128	1,256
2026	1,000	117	117	1,234
2027	1,000	106	106	1,212
2028	1,000	96	96	1,192
2029	1,000	85	85	1,170
2030	1,000	74	74	1,148
2031	1,000	64	64	1,128
2032	1,000	53	53	1,106
2033	1,000	43	43	1,086
2034	1,000	32	32	1,064
2035	1,000	21	21	1,042
2036	1,000	11	11	1,022
	<u>\$17,000</u>	<u>\$1,627</u>	<u>\$1,627</u>	<u>\$20,254</u>

WHITEFORD TOWNSHIP

*Notes to Financial Statements
Year Ended June 30, 2019*

Note 8 **Long-Term Debt (Continued)**
2017 Special Assessment Bonds, Series A-1 (Limited Tax)

Year	Principal	Interest		Total Principal and Interest Due Annually
	June 1	December 1	June 1	
2020	\$19,000	\$10,550	\$10,550	\$40,100
2021	19,000	10,360	10,360	39,720
2022	20,000	10,170	10,170	40,340
2023	20,000	9,970	9,970	39,940
2024	20,000	9,770	9,770	39,540
2025	21,000	9,570	9,570	40,140
2026	21,000	9,360	9,360	39,720
2027	22,000	9,150	9,150	40,300
2028	22,000	8,930	8,930	39,860
2029	22,000	8,710	8,710	39,420
2030	23,000	8,490	8,490	39,980
2031	23,000	8,260	8,260	39,520
2032	24,000	8,030	8,030	40,060
2033	24,000	7,790	7,790	39,580
2034	25,000	7,550	7,550	40,100
2035	25,000	7,300	7,300	39,600
2036	26,000	7,050	7,050	40,100
2037	26,000	6,790	6,790	39,580
2038	27,000	6,530	6,530	40,060
2039	27,000	6,260	6,260	39,520
2040	28,000	5,990	5,990	39,980
2041	28,000	5,710	5,710	39,420
2042	29,000	5,430	5,430	39,860
2043	30,000	5,140	5,140	40,280
2044	30,000	4,840	4,840	39,680
2045	31,000	4,540	4,540	40,080
2046	31,000	4,230	4,230	39,460
2047	32,000	3,920	3,920	39,840
2048	33,000	3,600	3,600	40,200
2049	33,000	3,270	3,270	39,540
2050	34,000	2,940	2,940	39,880
2051	35,000	2,600	2,600	40,200
2052	35,000	2,250	2,250	39,500
2053	36,000	1,900	1,900	39,800
2054	37,000	1,540	1,540	40,080
2055	38,000	1,170	1,170	40,340
2056	38,000	790	790	39,580
2057	41,000	410	410	41,820
	<u>\$1,055,000</u>	<u>\$230,860</u>	<u>\$230,860</u>	<u>\$1,516,720</u>

WHITEFORD TOWNSHIP

*Notes to Financial Statements
Year Ended June 30, 2019*

Note 8 **Long-Term Debt (Continued)**
2017 Special Assessment Bonds, Series A-2 (Limited Tax)

Year	Principal	Interest		Total Principal and Interest Due Annually
	June 1	December 1	June 1	
2020	\$9,000	\$5,100	\$5,100	\$19,200
2021	9,000	5,010	5,010	19,020
2022	9,000	4,920	4,920	18,840
2023	10,000	4,830	4,830	19,660
2024	10,000	4,730	4,730	19,460
2025	10,000	4,630	4,630	19,260
2026	10,000	4,530	4,530	19,060
2027	10,000	4,430	4,430	18,860
2028	11,000	4,330	4,330	19,660
2029	11,000	4,220	4,220	19,440
2030	11,000	4,110	4,110	19,220
2031	11,000	4,000	4,000	19,000
2032	12,000	3,890	3,890	19,780
2033	12,000	3,770	3,770	19,540
2034	12,000	3,650	3,650	19,300
2035	12,000	3,530	3,530	19,060
2036	12,000	3,410	3,410	18,820
2037	13,000	3,290	3,290	19,580
2038	13,000	3,160	3,160	19,320
2039	13,000	3,030	3,030	19,060
2040	14,000	2,900	2,900	19,800
2041	14,000	2,760	2,760	19,520
2042	14,000	2,620	2,620	19,240
2043	14,000	2,480	2,480	18,960
2044	15,000	2,340	2,340	19,680
2045	15,000	2,190	2,190	19,380
2046	15,000	2,040	2,040	19,080
2047	16,000	1,890	1,890	19,780
2048	16,000	1,730	1,730	19,460
2049	16,000	1,570	1,570	19,140
2050	16,000	1,410	1,410	18,820
2051	17,000	1,250	1,250	19,500
2052	17,000	1,080	1,080	19,160
2053	17,000	910	910	18,820
2054	18,000	740	740	19,480
2055	18,000	560	560	19,120
2056	19,000	380	380	19,760
2057	19,000	190	190	19,380
	<u>\$510,000</u>	<u>\$111,610</u>	<u>\$111,610</u>	<u>\$733,220</u>

WHITEFORD TOWNSHIP

*Notes to Financial Statements
Year Ended June 30, 2019*

Note 8 **Long-Term Debt (Continued)**
2017 Special Assessment Bonds, Series B (Limited Tax)

Year	Principal June 1	Interest		Total Principal and Interest Due Annually
		December 1	June 1	
2020	\$39,000	\$49,579	\$49,579	\$138,158
2021	41,000	48,921	48,921	138,842
2022	42,000	48,229	48,229	138,458
2023	43,000	47,520	47,520	138,040
2024	45,000	46,794	46,794	138,588
2025	46,000	46,035	46,035	138,070
2026	48,000	45,259	45,259	138,518
2027	49,000	44,449	44,449	137,898
2028	51,000	43,622	43,622	138,244
2029	53,000	42,761	42,761	138,522
2030	55,000	41,867	41,867	138,734
2031	56,000	40,939	40,939	137,878
2032	58,000	39,994	39,994	137,988
2033	60,000	39,015	39,015	138,030
2034	62,000	38,003	38,003	138,006
2035	64,000	36,956	36,956	137,912
2036	67,000	35,876	35,876	138,752
2037	69,000	34,746	34,746	138,492
2038	71,000	33,581	33,581	138,162
2039	74,000	32,383	32,383	138,766
2040	76,000	31,134	31,134	138,268
2041	79,000	29,852	29,852	138,704
2042	81,000	28,519	28,519	138,038
2043	84,000	27,152	27,152	138,304
2044	87,000	25,734	25,734	138,468
2045	90,000	24,266	24,266	138,532
2046	93,000	22,748	22,748	138,496
2047	96,000	21,178	21,178	138,356
2048	99,000	19,558	19,558	138,116
2049	103,000	17,887	17,887	138,774
2050	106,000	16,149	16,149	138,298
2051	110,000	14,361	14,361	138,722
2052	113,000	12,504	12,504	138,008
2053	117,000	10,598	10,598	138,196
2054	121,000	8,623	8,623	138,246
2055	125,000	6,581	6,581	138,162
2056	129,000	4,472	4,472	137,944
2057	136,000	2,295	2,295	140,590
	<u>\$2,938,000</u>	<u>\$1,160,140</u>	<u>\$1,160,140</u>	<u>\$5,258,280</u>

WHITEFORD TOWNSHIP

*Notes to Financial Statements
Year Ended June 30, 2019*

Note 8 Long-Term Debt (Concluded)

The annual requirements to pay principal and interest on the long-term debt outstanding at June 30, 2019 are as follows:

<u>Fiscal Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$103,081	\$8,918	\$111,999
2021	75,000	5,719	80,719
2022	75,000	3,432	78,432
2023	75,000	1,144	76,144
	<u>\$328,081</u>	<u>\$19,213</u>	<u>\$347,294</u>

<u>Fiscal Years</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$80,000	\$142,120	\$222,120
2021	82,000	139,982	221,982
2022	85,000	137,766	222,766
2023	87,000	135,488	222,488
2024	89,000	133,154	222,154
2025-2029	482,000	628,416	1,110,416
2030-2034	548,000	559,298	1,107,298
2035-2039	621,000	480,228	1,101,228
2040-2044	710,000	389,212	1,099,212
2045-2049	813,000	284,174	1,097,174
2050-2054	931,000	162,870	1,093,870
2055-2057	563,000	33,696	596,696
	<u>\$5,091,000</u>	<u>\$3,226,404</u>	<u>\$8,317,404</u>

Note 9 Charges for Services

Charges for users of the General, Water, and Sewer Enterprise Funds consist of the following:

General Fund - The General Fund bills eleven customers that are attached to the Township well. These customers are billed \$30 per month for the Township to monitor and maintain the well.

Water Fund – For the Water Fund, all customers will be assessed a fixed monthly fee as part of the general operating costs of the system. This fee is established to maintain a state of readiness to meet peak demands on the system. The residential 1” meter size has a fixed monthly fee of \$29.50, which includes the first 4,500 gallons of water used, plus the \$2.00 billing fee, plus the \$11.21 repair, replacement, and improvement fee for a total of \$42.71. Commercial customers will be assessed a fixed monthly fee ranging from \$50.86 to \$118.00 (depending on meter size), which includes the first 4,500 gallons of water used, plus the \$2.00 to \$8.00 billing fee, plus the \$11.21 to \$44.84 repair, replacement, and improvement fee for a total ranging from \$64.07 to \$170.84. All customers using more than 4,500 gallons per month shall pay a fixed rate of \$7.00 per thousand gallons.

WHITEFORD TOWNSHIP

Notes to Financial Statements
Year Ended June 30, 2019

Note 9 Charges for Services (Concluded)

Sewer I and Sewer II Enterprise Funds:

Sewer Service Charges - For Sewer I, customers using less than 4,500 gallons per month shall be charged a minimum monthly fee of \$180. All customers using more than 4,500 gallons per month shall pay \$180 plus a fixed rate of \$7.00 per thousand gallons. All customers shall be subject to a billing charge for bill processing and customer services of \$6.00 per month. All customers shall pay a monthly fee of \$48.75 for repair, replacement, and improvement of the sewage system. For Sewer II, customers are billed \$51.11 for each REU on a monthly basis.

Note 10 Property Taxes

The Township bills and collects its own property taxes and also taxes for the State of Michigan, County of Monroe, Bedford Public Schools, Blissfield Community Schools, Whiteford Agricultural Schools, Monroe County Community College, Monroe County Intermediate School District, and Lenawee County Intermediate School District. Collections are accounted for in the Tax Collection Agency Fund. For the year ended June 30, 2019, the Township levied, on December 1, 2018, the following mills due and payable on February 14, 2019:

General Operating	0.9238
County Road	0.9759
Fire Department	<u>0.9759</u>
	<u>2.8756</u>

Taxable values, which amounted to \$219,385,581 represent a percent of the fair market value of the assessed properties on December 31, 2018. The Township also collected taxes on properties covered under industrial facilities exemptions which had a total taxable value of \$1,233,704.

For the year ended June 30, 2019, the Township also billed and retained \$72,496 as administrative fees for the above tax collection.

Note 11 Tax Abatements

The Township entered into property tax abatement agreements with local businesses under the Industrial Facilities Tax Exemption, P.A. 198 of 1974, M.C.L. 207.551 et seq and the New Personal Property Exemption, P.A. 328 of 1998, M.C.L. 211.9f, as amended. Under these exemptions, localities may grant property tax abatements of a business's property tax bill for the purpose of attracting or retaining businesses within their jurisdiction, and to any business located within or promising to relocate to the Township.

For the year ended December 31, 2019, the Township abated property taxes totaling approximately \$1,774 under these programs.

WHITEFORD TOWNSHIP

*Notes to Financial Statements
Year Ended June 30, 2019*

Note 12 Operating Lease

The Township entered into a lease with a third-party on October 1, 2019 through December 31, 2022, for office space with payments of \$1,747 per month. The Township's future minimum lease payments for the office space is as follows:

<u>Fiscal year</u>	<u>Amount</u>
2020	\$15,728
2021	20,970
2022	20,970
2023	10,485
	<u>\$68,153</u>

The Township entered into an operating lease with MT Business Technologies, Inc. for the use of a copier. The lease term is sixty-three (63) months, ending July 31, 2023. The following are the annual lease payment obligations:

<u>Fiscal year</u>	<u>Amount</u>
2020	\$996
2021	996
2022	996
2023	83
	<u>\$3,071</u>

Note 13 Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Township has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

REQUIRED SUPPLEMENTAL INFORMATION

WHITEFORD TOWNSHIP

*General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2019*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes:				
Property taxes	\$197,000	\$197,000	\$202,842	\$5,842
Administrative fees	67,000	67,000	72,496	5,496
Penalties and interest on tax	3,191	3,191	1,563	(1,628)
	<u>267,191</u>	<u>267,191</u>	<u>276,901</u>	<u>9,710</u>
Licenses and permits:				
Business	4,000	4,000	4,500	500
Non-business	53,600	53,600	95,521	41,921
	<u>57,600</u>	<u>57,600</u>	<u>100,021</u>	<u>42,421</u>
State grants:				
State shared revenue	370,000	370,000	397,624	27,624
Local community stabilization share	12,000	12,000	8,132	(3,868)
Right of way	10,000	10,000	9,634	(366)
Other	5,000	5,000	0	(5,000)
	<u>397,000</u>	<u>397,000</u>	<u>415,390</u>	<u>18,390</u>
Charges for services:				
Franchise fees	25,000	25,000	23,066	(1,934)
Rentals	1,800	1,800	2,050	250
Cemetery	41,450	41,450	63,903	22,453
Haul route fees	125,000	125,000	83,389	(41,611)
	<u>193,250</u>	<u>193,250</u>	<u>172,408</u>	<u>(20,842)</u>
Interest	400	400	1,921	1,521
Other revenue:				
Sale of capital assets	1,000	1,000	0	(1,000)
Other revenue	18,600	28,600	27,205	(1,395)
	<u>19,600</u>	<u>29,600</u>	<u>27,205</u>	<u>(2,395)</u>
Total Revenues	935,041	945,041	993,846	48,805
Expenditures				
Legislative:				
Township board	29,050	26,000	17,588	8,412
General government:				
Supervisor	52,000	55,000	52,469	2,531
Elections	7,875	13,450	11,841	1,609
Board of review	1,300	1,300	1,033	267
Assessor	66,077	65,927	58,000	7,927
Clerk	48,905	49,055	48,714	341
Treasurer	62,645	64,205	62,269	1,936
Township hall and grounds	147,190	236,542	219,109	17,433
	<u>385,992</u>	<u>485,479</u>	<u>453,435</u>	<u>32,044</u>

WHITEFORD TOWNSHIP

*General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Concluded)				
Public safety:				
Police department	\$61,612	\$74,322	\$65,180	\$9,142
Fire department	89,545	91,445	86,451	4,994
Building inspection	53,735	65,048	59,837	5,211
	<u>204,892</u>	<u>230,815</u>	<u>211,468</u>	<u>19,347</u>
Public works:				
Street lights	9,600	10,325	10,146	179
Roads and drains	103,200	88,472	33,406	55,066
Cementary	70,885	70,885	69,592	1,293
	<u>183,685</u>	<u>169,682</u>	<u>113,144</u>	<u>56,538</u>
Community and economic development:				
Zoning enforcement	4,850	4,850	3,757	1,093
Recreation and cultural:				
Park	61,331	62,771	56,434	6,337
Other:				
Insurance	65,000	65,000	52,737	12,263
Other	550	730	695	35
	<u>65,550</u>	<u>65,730</u>	<u>53,432</u>	<u>12,298</u>
Total Expenditures	<u>935,350</u>	<u>1,045,327</u>	<u>909,258</u>	<u>136,069</u>
Excess (Deficiency) of Revenues over Expenditures	(309)	(100,286)	84,588	184,874
Other Financing Sources (Uses)				
Operating transfer out	<u>0</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>0</u>
Net Change in Fund Balance	(309)	(110,286)	74,588	184,874
Fund Balance - Beginning of year	<u>787,863</u>	<u>864,613</u>	<u>864,613</u>	<u>0</u>
Fund Balance - End of year	<u>\$787,554</u>	<u>\$754,327</u>	<u>\$939,201</u>	<u>\$184,874</u>

WHITEFORD TOWNSHIP

*County Road Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2019*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$207,000	\$207,000	\$213,952	\$6,952
Local community stabilization share	12,500	12,500	9,364	21,864
Contribution from local unit	0	0	13,698	13,698
Interest	125	125	205	80
Total Revenue	219,625	219,625	237,219	42,594
Expenditures				
Public works:				
Roads and drains	134,800	131,020	128,767	2,253
Other	5	360	327	33
	<u>134,805</u>	<u>131,380</u>	<u>129,094</u>	<u>2,286</u>
Debt Service:				
Bond principal	101,750	102,925	101,750	1,175
Bond interest	12,076	16,476	16,433	43
	<u>113,826</u>	<u>119,401</u>	<u>118,183</u>	<u>1,218</u>
Total Expenditures	248,631	250,781	247,277	3,504
Net Change in Fund Balance	(29,006)	(31,156)	(10,058)	46,098
Fund Balance - Beginning of year	<u>232,470</u>	<u>232,470</u>	<u>232,470</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$203,464</u></u>	<u><u>\$201,314</u></u>	<u><u>\$222,412</u></u>	<u><u>\$46,098</u></u>

WHITEFORD TOWNSHIP

*Fire Department Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2019*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property taxes	\$207,000	\$207,000	\$213,952	\$6,952
Local community stabilization share	4,500	4,500	3,829	(671)
Interest	1,100	1,100	1,130	30
Total Revenue	<u>212,600</u>	<u>212,600</u>	<u>218,911</u>	<u>6,311</u>
Expenditures				
Public safety:				
Capital outlay	114,600	602,157	600,273	1,884
Other	600	3,150	621	2,529
Total Expenditures	<u>115,200</u>	<u>605,307</u>	<u>600,894</u>	<u>4,413</u>
Net Change in Fund Balance	97,400	(392,707)	(381,983)	10,724
Fund Balance - Beginning of year	<u>384,109</u>	<u>811,502</u>	<u>811,502</u>	<u>0</u>
Fund Balance - End of year	<u>\$481,509</u>	<u>\$418,795</u>	<u>\$429,519</u>	<u>\$10,724</u>

OTHER SUPPLEMENTAL INFORMATION

WHITEFORD TOWNSHIP

*Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2019*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest	\$0	\$0	\$1,525	\$1,525
Expenditures				
Capital outlay	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	0	0	1,525	1,525
Other Financing Sources (Uses)				
Operating transfer in	0	0	10,000	10,000
Net Change in Fund Balance	0	0	11,525	1,525
Fund Balance - Beginning of year	50,000	110,050	110,050	0
Fund Balance - End of year	<u>\$50,000</u>	<u>\$110,050</u>	<u>\$121,575</u>	<u>\$1,525</u>

WHITEFORD TOWNSHIP

*Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019*

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Streetlight	Liquor Law Enforcement	Private Roads	
Assets				
Cash	\$1,468	\$15,489	\$5,164	\$22,121
Due from other governmental units	404	0	550	954
	<u>\$1,872</u>	<u>\$15,489</u>	<u>\$5,714</u>	<u>\$23,075</u>
Liabilities and Fund Balances				
Liabilities	\$173	\$538	\$1,250	\$1,961
Fund Balances				
Restricted for:				
Liquor law enforcement	0	14,951	0	14,951
Public works	1,699	0	4,464	6,163
Total Fund Balances	<u>1,699</u>	<u>14,951</u>	<u>4,464</u>	<u>21,114</u>
Total Liabilities and Fund Balances	<u>\$1,872</u>	<u>\$15,489</u>	<u>\$5,714</u>	<u>\$23,075</u>

WHITEFORD TOWNSHIP

*Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2019*

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Streetlight	Liquor Law Enforcement	Private Roads	
Revenues				
Special assessments	\$2,080	\$0	\$6,600	\$8,680
State grants	0	3,909	0	3,909
Total Revenues	2,080	3,909	6,600	12,589
Expenditures				
Public safety	0	7,035	0	7,035
Public works	2,072	0	8,762	10,834
Total Expenditures	2,072	7,035	8,762	17,869
Net Change in Fund Balances	8	(3,126)	(2,162)	(5,280)
Fund Balances - Beginning of year	1,691	18,077	6,626	26,394
Fund Balances - End of year	\$1,699	\$14,951	\$4,464	\$21,114

WHITEFORD TOWNSHIP

Streetlight Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special assessments	\$2,080	\$2,155	\$2,080	(\$75)
Expenditures				
Public works:				
Streetlight utility bills	<u>2,000</u>	<u>2,075</u>	<u>2,072</u>	<u>3</u>
Net Change in Fund Balance	80	80	8	(72)
Fund Balance - Beginning of year	<u>1,691</u>	<u>1,691</u>	<u>1,691</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$1,771</u></u>	<u><u>\$1,771</u></u>	<u><u>\$1,699</u></u>	<u><u>(\$72)</u></u>

WHITEFORD TOWNSHIP

Liquor Law Enforcement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
State grants	\$4,000	\$4,000	\$3,909	(\$91)
Expenditures				
Public safety:				
Liquor inspection	<u>7,099</u>	<u>7,099</u>	<u>7,035</u>	<u>64</u>
Net Change in Fund Balance	(3,099)	(3,099)	(3,126)	(27)
Fund Balance - Beginning of year	<u>18,076</u>	<u>18,077</u>	<u>18,077</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$14,977</u></u>	<u><u>\$14,978</u></u>	<u><u>\$14,951</u></u>	<u><u>(\$27)</u></u>

WHITEFORD TOWNSHIP

*Private Roads Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2019*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special assessment	\$6,000	\$5,700	\$6,600	\$900
Expenditures				
Public works:				
Road maintenance	<u>8,500</u>	<u>8,800</u>	<u>8,762</u>	<u>38</u>
Net Change in Fund Balance	(2,500)	(3,100)	(2,162)	938
Fund Balance - Beginning of year	<u>6,626</u>	<u>6,626</u>	<u>6,626</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$4,126</u></u>	<u><u>\$3,526</u></u>	<u><u>\$4,464</u></u>	<u><u>\$938</u></u>

WHITEFORD TOWNSHIP

Tax Collection Agency Fund
Statement of Changes in Assets and Liabilities
June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Assets				
Cash	\$2,599	\$7,090,102	\$7,081,595	\$11,106
Due from other governmental units	780	19,406	780	19,406
Total Assets	<u>\$3,379</u>	<u>\$7,109,508</u>	<u>\$7,082,375</u>	<u>\$30,512</u>
Liabilities				
Due to other governmental units	<u>\$3,379</u>	<u>\$7,109,508</u>	<u>\$7,082,375</u>	<u>\$30,512</u>
Total Liabilities	<u>\$3,379</u>	<u>\$7,109,508</u>	<u>\$7,082,375</u>	<u>\$30,512</u>

WHITEFORD TOWNSHIP

Water Fund

*Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Years Ended June 30, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
Operating Revenues	\$51,319	\$0
Operating Expenses		
Office and administration:		
Office supplies and maintenance	815	0
Total Operating Expenses	<u>815</u>	<u>0</u>
Net Operating Income (Loss)	50,504	0
Non-Operating Revenues (Expenses)		
Special assessment	190,363	154,413
Interest revenue	180,566	76,635
Interest expense	(123,846)	(73,226)
Grant revenue	<u>1,078,000</u>	<u>3,779,000</u>
Total Non-Operating Revenues (Expenses)	<u>1,325,083</u>	<u>3,936,822</u>
Change in Net Position	1,375,587	3,936,822
Net Position - Beginning of year	<u>4,131,828</u>	<u>195,006</u>
Net Position - End of year	<u><u>\$5,507,415</u></u>	<u><u>\$4,131,828</u></u>

WHITEFORD TOWNSHIP

Sewer I Fund

*Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Years Ended June 30, 2019 and 2018*

	2019	2018
Operating Revenues		
Charges for services:		
Collection fees	\$38,052	\$46,330
Operating Expenses		
Sources of supply:		
Contracted services	18,768	21,699
Utilities	21,116	26,213
Operations and maintenance	0	27,726
Operating supplies	0	16
Depreciation	443	442
	<u>40,327</u>	<u>76,096</u>
Office and administration:		
Wages	4,800	4,800
Fringe benefits	367	367
Other	31	24
	<u>5,198</u>	<u>5,191</u>
Total Operating Expenses	<u>45,525</u>	<u>81,287</u>
Net Operating Income (Loss)	(7,473)	(34,957)
Non-Operating Revenues (Expenses)		
Interest revenue	92	40
Reimbursement	13,107	31,656
Total Non-Operating Revenues (Expenses)	<u>13,199</u>	<u>31,696</u>
Excess (Deficiency) of Revenues Over Expenditures	5,726	(3,261)
Capital grant contributions		
Grant revenue	<u>12,606</u>	<u>7,468</u>
Change in Net Position	18,332	4,207
Net Position - Beginning of year	<u>32,916</u>	<u>28,709</u>
Net Position - End of year	<u>\$51,248</u>	<u>\$32,916</u>

WHITEFORD TOWNSHIP

Sewer II Fund

*Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Years Ended June 30, 2019 and 2018*

	2019	2018
Operating Revenues		
Charges for services:		
Collection fees	\$60,896	\$58,447
Other revenue	989	278
	<hr/>	<hr/>
Total Operating Revenues	61,885	58,725
Operating Expenses		
Sources of supply:		
Contracted services	460	1,182
Utilities	5,069	5,029
Operating supplies	24,063	23,162
Depreciation	57,728	57,562
	<hr/>	<hr/>
	87,320	86,935
Office and administration:		
Wages	4,800	4,938
Fringe benefits	367	229
Office supplies and maintenance	1,254	1,343
Miscellaneous	0	15
	<hr/>	<hr/>
	6,421	6,525
	<hr/>	<hr/>
Total Operating Expenses	93,741	93,460
	<hr/>	<hr/>
Net Operating Income (Loss)	(31,856)	(34,735)
Non-Operating Revenues (Expenses)		
Special assessment	37,643	21,173
Interest revenue	0	17,571
Interest expense	(11,994)	(11,982)
	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	25,649	26,762
	<hr/>	<hr/>
Change in Net Position	(6,207)	(7,973)
Net Position - Beginning of year	2,105,565	2,113,538
	<hr/>	<hr/>
Net Position - End of year	\$2,099,358	\$2,105,565
	<hr/>	<hr/>

WHITEFORD TOWNSHIP

*Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019*

<u>Federal Grantor Program Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Approved Grant Award Amount</u>
<u>U.S. Department of Rural Development</u>			
Water System Project	00-08	10.760	\$1,584,000
Water System Project (loan)	91-09	10.760	<u>3,013,000</u>
Total Federal Financial Assistance			<u><u>\$4,597,000</u></u>

Accrued (Deferred) Revenue July 1, 2018	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2019	Current Year Cash Transferred to Subrecipient
\$0	\$506,000	\$1,078,000	\$1,078,000	\$0	\$0
0	1,993,200	856,800	856,800	0	0
<u>\$0</u>	<u>\$2,499,200</u>	<u>\$1,934,800</u>	<u>\$1,934,800</u>	<u>\$0</u>	<u>\$0</u>

WHITEFORD TOWNSHIP

*Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019*

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant and loan activity of Whiteford Township under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Whiteford Township, it is not intended to and does not present the financial position, changes in net position, or cash flows of Whiteford Township.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as a reimbursement.
3. The Township was approved by the USDA Rural Utilities Service to receive three loans totaling \$2,751,512 and two grants totaling \$3,779,000 to undertake a project of acquisition, construction, enlargement, or capital improvement of a water system. Two of the loans were completed in the prior year, and one of the grants was completed in the prior year. The amount listed for the loan include the proceeds used during the year. The loans are also reported on the Township's Statement of Net Position. The amount listed for the grant represents amounts expended during the year.

WHITEFORD TOWNSHIP

*Schedule of Findings and Questioned Costs
Year Ended June 30, 2019*

SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Whiteford Township were prepared in accordance with GAAP.
2. No significant deficiencies considered material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Whiteford Township, which would be required to be reported in accordance with *Governmental Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies considered to be material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance.
5. The auditor's report on compliance for the Water System Loan and Grant Program expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Whiteford Township.
7. The program tested as a major program was the Water System Loan and Grant Program (CFDA #10.760).
8. Type A programs are programs with \$750,000 or more of federal expenditures. Type B programs are programs with federal expenditures at or below \$750,000.
9. Whiteford Township was determined to not be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT:

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

None

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

Township Board
Whiteford Township
Ottawa Lake, Michigan 49267


In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Whiteford Township as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Whiteford Township's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Very truly yours,



November 11, 2019

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

November 11, 2019

To the Township Board
Whiteford Township

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Whiteford Township for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 11, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Whiteford Township are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ending June 30, 2019. We noted no transactions entered into by Whiteford Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful lives of depreciable capital assets based on the length of time those assets will provide economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of depreciable capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

To the Township Board
Whiteford Township

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 11, 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Information in Documents Containing Audited Financial Statements

We applied certain limited procedures to the major fund budget and actual statements, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the nonmajor fund budget and actual statements, the agency changes in assets and liabilities, and the comparative statement of revenues, expenses, and changes in net position. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the Township Board
Whiteford Township

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Restriction on Use

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

Very truly yours,

Coolley Hedd Sabo + Calkins