

**WHITEFORD TOWNSHIP**

Ottawa Lake, Michigan

**ANNUAL FINANCIAL REPORT**

June 30, 2020

# WHITEFORD TOWNSHIP

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# WHITEFORD TOWNSHIP

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*June 30, 2020*

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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, 2020, 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. 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, 2020, 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 3 through 9 and 46 through 49 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 other supplementary information, as identified in the table of contents 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 are fairly stated in all material respects in relation to the financial statements as a whole.



October 28, 2020

## WHITEFORD TOWNSHIP

### *Management's Discussion and Analysis Year Ended June 30, 2020*

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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, 2020. 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, 2020*

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#### **Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities (pages 10-12), 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 13-24) 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 15 and 18.

**Proprietary funds** - Proprietary Funds are used to account for the 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, 2020

### 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, 2020 and 2019:

**Table 1:**

#### Condensed Statement of Net Position June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$1,903,415	\$1,309,942	\$5,404,441	\$5,736,110	\$7,307,856	\$7,046,052
Capital assets, net	2,568,288	2,617,310	11,733,035	12,006,969	14,301,323	14,624,279
<b>Total Assets</b>	<b>4,471,703</b>	<b>3,927,252</b>	<b>17,137,476</b>	<b>17,743,079</b>	<b>21,609,179</b>	<b>21,670,331</b>
Current and other liabilities	139,790	205,208	122,079	288,476	261,869	493,684
Long-term liabilities	150,000	224,995	4,929,000	5,013,000	5,079,000	5,237,995
<b>Total Liabilities</b>	<b>289,790</b>	<b>430,203</b>	<b>5,051,079</b>	<b>5,301,476</b>	<b>5,340,869</b>	<b>5,731,679</b>
Deferred Inflows of Resources	0	0	4,580,915	4,783,582	4,580,915	4,783,582
Net Position						
Net investment in capital assets	2,340,429	2,285,036	6,722,035	6,915,969	9,062,464	9,201,005
Restricted for:						
County road	19,119	222,412	0	0	19,119	222,412
Fire protection	649,636	429,519	0	0	649,636	429,519
Capital outlay	122,844	121,575	0	0	122,844	121,575
Liquor law enforcement	12,492	14,951	0	0	12,492	14,951
Public works	7,803	6,163	0	0	7,803	6,163
Unrestricted	1,029,590	939,201	783,447	742,052	1,813,037	1,681,253
<b>Total Net Position</b>	<b>\$4,181,913</b>	<b>\$4,018,857</b>	<b>\$7,505,482</b>	<b>\$7,658,021</b>	<b>\$11,687,395</b>	<b>\$11,676,878</b>

As depicted in Table 1, the Township's net position was \$11.7 million at June 30, 2020. Of this amount, \$1,029,590 and \$783,447 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, 2020*

### 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, 2020 and 2019.

**Table 2:**

#### Changes in Net Position Years Ended June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program revenues						
Charges for services	\$307,209	\$282,672	\$300,832	\$150,267	\$608,041	\$432,939
Operating grants and contributions	160,004	13,543	0	989	160,004	14,532
Capital grants and contributions	0	0	0	1,090,606	0	1,090,606
	467,213	296,215	300,832	1,241,862	768,045	1,538,077
General revenues						
Property taxes	725,791	716,435	0	0	725,791	716,435
State grants	415,995	405,756	0	0	415,995	405,756
Special assessments	0	0	202,667	228,006	202,667	228,006
Interest and penalties	7,150	4,781	186,681	180,658	193,831	185,439
Contribution from local unit	0	13,698	0	0	0	13,698
Gain on sale of capital asset	1,895	0	0	0	1,895	0
Other general revenues	77,065	27,205	16,762	13,107	93,827	40,312
	1,227,896	1,167,875	406,110	421,771	1,634,006	1,589,646
Total Revenues	1,695,109	1,464,090	706,942	1,663,633	2,402,051	3,127,723
<b>Functions/Program Expenses</b>						
Legislative	18,871	17,588	0	0	18,871	17,588
General government	449,061	502,828	0	0	449,061	502,828
Public safety	495,523	446,771	0	0	495,523	446,771
Public works	471,481	253,894	0	0	471,481	253,894
Community and economic development	1,911	3,757	0	0	1,911	3,757
Recreation and cultural	89,117	75,542	0	0	89,117	75,542
Interest on long-term debt	6,089	15,117	0	0	6,089	15,117
Water and sewer	0	0	859,481	275,921	859,481	275,921
Total Expenses	1,532,053	1,315,497	859,481	275,921	2,391,534	1,591,418
<b>Increase (Decrease) in Net Position</b>	<u>\$163,056</u>	<u>\$148,593</u>	<u>(\$152,539)</u>	<u>\$1,387,712</u>	<u>\$10,517</u>	<u>\$1,536,305</u>

## WHITEFORD TOWNSHIP

### *Management's Discussion and Analysis* *Year Ended June 30, 2020*

#### **Government-Wide Financial Analysis – Concluded**

As indicated in Table 2, the cost of *all governmental* activities this year was \$1,532,053. Of this amount, \$467,213 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 \$163,056. 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 18.

As indicated in Table 2, the cost of all business-type activities this year was \$859,481. 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 \$1,841,484, which is an increase of \$107,663 from last year. The changes by the major fund are as follows:

	<b>General Fund</b>	<b>County Road Fund</b>	<b>Fire Department Fund</b>	<b>Capital Projects Fund</b>	<b>Other Nonmajor Funds</b>	<b>Total</b>
<b>Fund balances -</b>						
<b>Beginning of Year</b>	\$939,201	\$222,412	\$429,519	\$121,575	\$21,114	\$1,733,821
Increase (decrease)	90,389	(203,293)	220,117	1,269	(819)	107,663
<b>Fund balances -</b>						
<b>End of Year</b>	<u>\$1,029,590</u>	<u>\$19,119</u>	<u>\$649,636</u>	<u>\$122,844</u>	<u>\$20,295</u>	<u>\$1,841,484</u>

The Township's General Fund balance increase is due to an increase in revenue of 7.7% which was primarily due to an increase of \$31,577 in charges for services. Expenditures increased this year; the most significant increase was an increase of \$75,622 in recreation and cultural and a \$41,375 increase in public works. There was a decrease general government of \$66,258 for general government.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percent Change</u>
<b>Revenues</b>			
Property taxes	\$280,228	\$276,901	1.2%
Licenses and permits	90,204	100,021	(9.81)%
State grants	414,946	415,390	(0.1)%
Charges for services	203,985	172,408	18.3%
Interest and penalties	4,367	1,921	127.3%
Other revenue	<u>77,065</u>	<u>27,205</u>	183.3%
 Total Revenues	 <u>\$1,070,795</u>	 <u>\$993,846</u>	 7.7%

## WHITEFORD TOWNSHIP

### *Management's Discussion and Analysis* *Year Ended June 30, 2020*

#### **Fund Financial Analysis – Concluded**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percent Change</u>
<b>Expenditures</b>			
Legislative	\$18,871	\$17,588	7.3%
General government	387,177	453,435	(14.6)%
Public safety	225,294	211,468	6.5%
Public works	154,519	113,144	36.6%
Community and economic development	1,911	3,757	(49.1)%
Recreation and cultural	132,056	56,434	134.0%
Other	60,578	53,432	13.4%
Operating transfer out	<u>0</u>	<u>10,000</u>	(100.0)%
Total Expenditures	<u>\$980,406</u>	<u>\$919,258</u>	6.7%

#### **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 July 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 \$962,350 was amended during the year by \$57,257 to \$1,019,607. The amendment was the addition of \$57,257 for other revenue. The original budget for expenditures was \$957,022 which was amended during the year to \$1,097,789. The most significant amendments were for public works and recreation and cultural.

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

##### **Capital Assets**

As of June 30, 2020, the Township had \$18,034,933 invested in a broad range of capital assets, including land, building and building improvements, park improvements, equipment, furniture and fixtures, vehicles, and water and sewer lines. This amount represents an increase (including additions and disposals) of \$129,618 from last year. This year's additions included fire equipment (18 breathers, regulators, and cylinders, an automated chest compression system), ball diamonds, and pavilions. This year's disposal includes the 1996 KME Renegade OL#2. Depreciation for governmental activities totaled \$266,066, and depreciation for business-type activities totaled \$399,046. Detailed information regarding capital assets is included in Note 5 to the financial statements.

## WHITEFORD TOWNSHIP

### *Management's Discussion and Analysis* *Year Ended June 30, 2020*

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#### **Capital Assets and Debt Administration -- Concluded**

##### **Debt**

As of June 30, 2020, the Township had \$5,236,000 in bonds payable. The bonds payable are 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.

#### **Development of the 2021 Fiscal Year Budget**

Whiteford Township officials considered many factors when setting the Township's 2021 budget. The Township used the 2020 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 58% of the Township's budgeted revenues. Total budgeted revenues are \$883,750. Budgeted revenues decreased by \$135,857. The decrease in revenues is due primarily to decreases in taxes, state shared revenue, and park donations. The budget for expenditures is \$1,075,340 which decreased by \$22,449. The most significant decreases were in roads and park. This budget will decrease the carryforward fund balance by \$191,590.

#### **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, 2020*

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$1,413,455	\$827,492	\$2,240,947
Certificates of deposit	122,844	16,162	139,006
Receivables:			
Accounts and accrued interest	31,608	59,099	90,707
Special assessments	0	4,709,899	4,709,899
Due from other governmental units	115,958	0	115,958
Prepaid expenses	11,339	0	11,339
Internal balances	208,211	(208,211)	0
Non-current assets:			
Capital assets, net	2,568,288	11,733,035	14,301,323
Total Assets	4,471,703	17,137,476	21,609,179
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	45,668	15,023	60,691
Accrued liabilities	16,148	9,744	25,892
Accrued interest	2,859	15,312	18,171
Due to other governments	115	0	115
Bonds payable - current portion	75,000	82,000	157,000
Non-current liabilities:			
Bonds payable - non-current portion	150,000	4,929,000	5,079,000
Total Liabilities	289,790	5,051,079	5,340,869
<b>Deferred Inflows of Resources</b>			
Special assessments	0	4,580,915	4,580,915
<b>Net Position</b>			
Net investment in capital assets	2,340,429	6,722,035	9,062,464
Restricted for:			
County road	19,119	0	19,119
Fire protection	649,636	0	649,636
Capital outlay	122,844	0	122,844
Liquor law enforcement	12,492	0	12,492
Public works	7,803	0	7,803
Unrestricted	1,029,590	783,447	1,813,037
Total Net Position	\$4,181,913	\$7,505,482	\$11,687,395

See accompanying notes to the basic financial statements.

# WHITEFORD TOWNSHIP

Statement of Activities  
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Legislative	\$18,871	\$0	\$0	\$0
General government	449,061	115,851	0	0
Public safety	495,523	2,140	149,474	0
Public works	471,481	189,218	10,530	0
Community and economic development	1,911	0	0	0
Recreation and cultural	89,117	0	0	0
Interest on long-term debt	6,089	0	0	0
Total Governmental Activities	1,532,053	307,209	160,004	0
Business-type activities:				
Water and Sewer	859,481	300,832	0	0
Total Primary Government	\$2,391,534	\$608,041	\$160,004	\$0

## General Revenues:

Property taxes  
State grants  
Special assessments  
Interest and penalties  
Gain on sale of capital asset  
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
(\$18,871)	\$0	(\$18,871)
(333,210)	0	(333,210)
(343,909)	0	(343,909)
(271,733)	0	(271,733)
(1,911)	0	(1,911)
(89,117)	0	(89,117)
(6,089)	0	(6,089)
(1,064,840)	0	(1,064,840)
0	(558,649)	(558,649)
(1,064,840)	(558,649)	(1,623,489)
725,791	0	725,791
415,995	0	415,995
0	202,667	202,667
7,150	186,681	193,831
1,895	0	1,895
77,065	16,762	93,827
1,227,896	406,110	1,634,006
163,056	(152,539)	10,517
4,018,857	7,658,021	11,676,878
\$4,181,913	\$7,505,482	\$11,687,395

## FUND FINANCIAL STATEMENTS

# WHITEFORD TOWNSHIP

## Governmental Funds Balance Sheet June 30, 2020

		Special Revenue Funds	
	General	County Road	Fire Department
<b>Assets</b>			
Cash and cash equivalents	\$717,823	\$21,978	\$649,636
Certificates of deposit	0	0	0
Accounts receivable and accrued interest	31,608	0	0
Due from other funds	208,211	0	0
Due from other governmental units	115,958	0	0
Prepaid expenditures	11,339	0	0
Total Assets	<u>\$1,084,939</u>	<u>\$21,978</u>	<u>\$649,636</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$39,086	\$2,859	\$0
Accrued liabilities	16,148	0	0
Due to other governmental units	115	0	0
Total Liabilities	<u>55,349</u>	<u>2,859</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable:			
Prepaid expenditures	11,339	0	0
Restricted for:			
County road	0	19,119	0
Fire department	0	0	649,636
Liquor law enforcement	0	0	0
Public works	0	0	0
Committed to:			
Capital projects	0	0	0
Unassigned	<u>1,018,251</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>1,029,590</u>	<u>19,119</u>	<u>649,636</u>
Total Liabilities and Fund Balances	<u>\$1,084,939</u>	<u>\$21,978</u>	<u>\$649,636</u>

See accompanying notes to the basic financial statements.

Capital Projects		
Fund	Other Nonmajor	Total
Capital	Governmental	Governmental
Projects	Funds	Funds
\$0	\$24,018	\$1,413,455
122,844	0	122,844
0	0	31,608
0	0	208,211
0	0	115,958
0	0	11,339
<u>\$122,844</u>	<u>\$24,018</u>	<u>\$1,903,415</u>
\$0	\$3,723	\$45,668
0	0	16,148
0	0	115
<u>0</u>	<u>3,723</u>	<u>61,931</u>
0	0	11,339
0	0	19,119
0	0	649,636
0	12,492	12,492
0	7,803	7,803
122,844	0	122,844
<u>0</u>	<u>0</u>	<u>1,018,251</u>
<u>122,844</u>	<u>20,295</u>	<u>1,841,484</u>
<u>\$122,844</u>	<u>\$24,018</u>	<u>\$1,903,415</u>

**WHITEFORD TOWNSHIP**

*Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
Year Ended June 30, 2020*

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**Total Fund Balances - Governmental Funds**

\$1,841,484

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	\$5,671,514	
Accumulated depreciation	<u>(3,103,226)</u>	

2,568,288

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	(225,000)	
Accrued interest	<u>(2,859)</u>	

(227,859)

**Total Net Position - Governmental Activities**

\$4,181,913

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, 2020

		Special Revenue Funds		Capital Projects
		County	Fire	Fund
	General	Road	Department	Capital
				Projects
<b>Revenues</b>				
Property taxes	\$280,228	\$223,579	\$223,579	\$0
Special assessments	0	0	0	0
Licenses and permits	90,204	0	0	0
State grants	414,946	8,280	132,422	0
Local grants	0	0	16,351	0
Charges for services	203,985	0	0	0
Interest and penalties	4,367	134	1,380	1,269
Other revenue	77,065	0	9,000	0
Total Revenues	1,070,795	231,993	382,732	1,269
<b>Expenditures</b>				
Legislative	18,871	0	0	0
General government	387,177	0	0	0
Public safety	225,294	0	162,615	0
Public works	154,519	324,782	0	0
Community and economic development	1,911	0	0	0
Recreation and cultural	132,056	0	0	0
Debt service	0	110,504	0	0
Other	60,578	0	0	0
Total Expenditures	980,406	435,286	162,615	0
<b>Net Change in Fund Balances</b>	90,389	(203,293)	220,117	1,269
Fund Balances - Beginning of year	939,201	222,412	429,519	121,575
Fund Balances - End of year	\$1,029,590	\$19,119	\$649,636	\$122,844

See accompanying notes to the basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$727,386
11,425	11,425
0	90,204
4,000	559,648
0	16,351
0	203,985
0	7,150
0	86,065
15,425	1,702,214
0	18,871
0	387,177
6,459	394,368
9,785	489,086
0	1,911
0	132,056
0	110,504
0	60,578
16,244	1,594,551
(819)	107,663
21,114	1,733,821
\$20,295	\$1,841,484

**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, 2020*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$107,663</b>
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	(\$266,066)	
Capital outlay	224,149	
		(41,917)
Net book value of the disposal of capital assets reduces the assets in the statement of activities, but does not affect the governmental funds		(7,105)
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.		103,081
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.		1,334
<b>Change in Net Position of Governmental Activities</b>		<b>\$163,056</b>

See accompanying notes to the basic financial statements.



# WHITEFORD TOWNSHIP

*Proprietary Funds  
Statement of Net Position  
June 30, 2020*

	Business-type Activities Enterprise Funds			Totals
	Water Fund	Sewer I Fund	Sewer II Fund	
<b>Assets</b>				
Current Assets:				
Cash	\$529,352	\$45,355	\$134,606	\$709,313
Certificates of deposit	0	16,162	0	16,162
Receivables:				
Accounts	41,853	6,144	11,102	59,099
Special assessments	4,199,729	0	510,170	4,709,899
Total Current Assets	4,770,934	67,661	655,878	5,494,473
Restricted Assets:				
Certificates of deposit	50,247	19,057	48,875	118,179
Capital Assets	9,573,169	22,114	2,768,136	12,363,419
Less: accumulated depreciation	(341,607)	(2,059)	(286,718)	(630,384)
Total capital assets	9,231,562	20,055	2,481,418	11,733,035
Total Assets	14,052,743	106,773	3,186,171	17,345,687

See accompanying notes to the basic financial statements.

	Business-type Activities Enterprise Funds			Totals
	Water Fund	Sewer I Fund	Sewer II Fund	
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$10,930	\$1,775	\$2,318	\$15,023
Accrued payroll liabilities	9,744	0	0	9,744
Accrued interest	10,539	0	4,773	15,312
Due to other funds	135,903	48,216	24,092	208,211
Bonds payable - current portion	69,000	0	13,000	82,000
Total Current Liabilities	236,116	49,991	44,183	330,290
Non-current liabilities:				
Bonds payable - non-current portion	4,367,000	0	562,000	4,929,000
Total Liabilities	4,603,116	49,991	606,183	5,259,290
<b>Deferred Inflows of Resources</b>				
Special assessments	4,086,201	0	494,714	4,580,915
<b>Net Position</b>				
Net investment in capital assets	4,795,562	20,055	1,906,418	6,722,035
Unrestricted	567,864	36,727	178,856	783,447
Total Net Position	\$5,363,426	\$56,782	\$2,085,274	\$7,505,482

# WHITEFORD TOWNSHIP

*Proprietary Funds*  
*Statement of Revenues, Expenses, and Changes in Fund Net Position*  
*Year Ended June 30, 2020*

	Business-type Activities Enterprise Funds			Totals
	Water Fund	Sewer I Fund	Sewer II Fund	
<b>Operating Revenues</b>				
Charges for services:				
Collection fees	\$208,102	\$33,088	\$59,642	\$300,832
Total Operating Revenues	208,102	33,088	59,642	300,832
<b>Operating Expenses</b>				
Sources of supply:				
Wages	85,558	0	0	85,558
Fringe benefits	9,420	0	0	9,420
Contracted services	0	400	400	800
Utilities	33,355	1,818	6,177	41,350
Operation and maintenance	45,969	19,681	29,045	94,695
Operating supplies	51,095	117	0	51,212
Depreciation	341,607	442	56,998	399,047
	567,004	22,458	92,620	682,082
Office and administration:				
Wages	0	4,800	4,800	9,600
Fringe benefits	0	367	367	734
Office supplies and maintenance	2,913	0	1,487	4,400
Contracted services	10,524	0	0	10,524
Professional fees	6,835	0	0	6,835
Miscellaneous	3,674	17	0	3,691
	23,946	5,184	6,654	35,784
Total Operating Expenses	590,950	27,642	99,274	717,866
Total Operating Income (Loss)	(382,848)	5,446	(39,632)	(417,034)
<b>Non-Operating Revenues (Expenses)</b>				
Special assessment	181,957	0	20,710	202,667
Interest revenue	170,213	88	16,380	186,681
Interest expense	(130,073)	0	(11,542)	(141,615)
Insurance reimbursement	16,762	0	0	16,762
Total Non-Operating Revenues (Expenses)	238,859	88	25,548	264,495
<b>Change in Net Position</b>	(143,989)	5,534	(14,084)	(152,539)
Net Position - Beginning of Year	5,507,415	51,248	2,099,358	7,658,021
Net Position - End of Year	\$5,363,426	\$56,782	\$2,085,274	\$7,505,482

See accompanying notes to the basic financial statements.

# WHITEFORD TOWNSHIP

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2020

	Business-type Activities Enterprise Funds			
	Water Fund	Sewer I Fund	Sewer II Fund	Totals
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$192,711	\$33,105	\$58,161	\$283,977
Payments to suppliers	(335,025)	(24,524)	(33,836)	(393,385)
Payments to employees	(85,234)	(5,167)	(5,167)	(95,568)
Net cash provided (used) by operating activities	(227,548)	3,414	19,158	(204,976)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of capital assets	(125,112)	0	0	(125,112)
Principal payments on bonds payable	(67,000)	0	(13,000)	(80,000)
Interest paid	(130,227)	0	(11,651)	(141,878)
Special assessments	183,807	0	20,709	204,516
Insurance reimbursement	16,762	0	0	16,762
Net cash provided (used) for capital and related financing activities	(121,770)	0	(3,942)	(125,712)
<b>Cash Flows from Investing Activities</b>				
Interest income	170,213	88	16,380	186,681
Cash and Cash Equivalents - Beginning of Year	758,704	77,072	151,885	987,661
Cash and Cash Equivalents - End of Year	\$579,599	\$80,574	\$183,481	\$843,654
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>				
Cash	\$529,352	\$45,355	\$134,606	\$709,313
Certificates of deposit	0	16,162	0	16,162
Restricted Cash	50,247	19,057	48,875	118,179
Total Cash and Cash Equivalents	\$579,599	\$80,574	\$183,481	\$843,654

See accompanying notes to the basic financial statements.

# WHITEFORD TOWNSHIP

## *Proprietary Funds Statement of Cash Flows Year Ended June 30, 2020*

	Business-type Activities Enterprise Funds			Totals
	Water Fund	Sewer I Fund	Sewer II Fund	
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>				
Operating income (loss)	(\$382,848)	\$5,446	(\$39,632)	(\$417,034)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	341,607	442	56,998	399,047
Changes in operating assets and liabilities:				
(Increase) decrease accounts receivable	(15,798)	17	(1,481)	(17,262)
(Increase) decrease prepaid expenses	407	0	0	407
Increase (decrease) accounts payable	(170,916)	128	654	(170,134)
Increase (decrease) due to other funds	0	(2,619)	2,619	0
Net Cash Provided by Operating Activities	<u>(\$227,548)</u>	<u>\$3,414</u>	<u>\$19,158</u>	<u>(\$204,976)</u>

See accompanying notes to the basic financial statements.

**WHITEFORD TOWNSHIP**

*Agency Fund  
Statement of Fiduciary Net Position  
June 30, 2020*

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	<u>Tax Collection</u>
<b>Assets</b>	
Due from other governmental units	<u>\$115</u>
<b>Liabilities</b>	
Due to other governmental units	<u>\$115</u>

See accompanying notes to the basic financial statements.

## WHITEFORD TOWNSHIP

### *Notes to Financial Statements* *Year Ended June 30, 2020*

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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, 2020*

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#### 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, 2020*

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#### 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, 2020, 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 \$5,000 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, 2020*

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#### 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 by 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, 2020*

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#### 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 2020.
- 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, 2020: county road, fire department, liquor law enforcement, public works, and capital outlay.

## WHITEFORD TOWNSHIP

### *Notes to Financial Statements* *Year Ended June 30, 2020*

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#### 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, 2020, 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: First Merchants Bank, 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.

*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.

# WHITEFORD TOWNSHIP

## Notes to Financial Statements Year Ended June 30, 2020

### Note 4

#### Deposits (Concluded)

*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 outside party. The Township has \$2,392,581 invested in certificates of deposit, checking accounts, and money markets. The Township's deposits are insured by the FDIC in the amount of \$800,848. The Township has uninsured of \$1,591,733. 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, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities:				
Assets not being depreciated:				
Land	\$685,531	\$0	\$0	\$685,531
Construction in process	0	41,425	0	41,425
	<u>685,531</u>	<u>41,425</u>	<u>0</u>	<u>726,956</u>
Capital assets being depreciated:				
Buildings and building improvements	1,603,303	0	0	1,603,303
Park improvements	108,817	40,373	0	149,190
Land improvements	16,439	0	0	16,439
Equipment	563,817	142,351	0	706,168
Furniture and fixtures	25,425	0	0	25,425
Vehicles	2,663,676	0	(219,643)	2,444,033
	<u>4,981,477</u>	<u>182,724</u>	<u>(219,643)</u>	<u>4,944,558</u>
Total capital assets	5,667,008	224,149	(219,643)	5,671,514
Less accumulated depreciation for:				
Buildings and building improvements	(854,859)	(59,337)	0	(914,196)
Park improvements	(29,751)	(10,246)	0	(39,997)
Land improvements	(1,387)	(822)	0	(2,209)
Equipment	(508,264)	(20,528)	0	(528,792)
Furniture and fixtures	(25,425)	0	0	(25,425)
Vehicles	(1,630,012)	(175,133)	212,538	(1,592,607)
	<u>(3,049,698)</u>	<u>(266,066)</u>	<u>212,538</u>	<u>(3,103,226)</u>
Total accumulated depreciation	(3,049,698)	(266,066)	212,538	(3,103,226)
Net capital assets	<u>\$2,617,310</u>	<u>(\$41,917)</u>	<u>(\$7,105)</u>	<u>\$2,568,288</u>

# WHITEFORD TOWNSHIP

## *Notes to Financial Statements* *Year Ended June 30, 2020*

### Note 5

### Capital Assets (Concluded)

Depreciation expense was charged to governmental functions as follows:

General government	\$1,306
Public safety	243,506
Public works	822
Recreation and cultural	20,432
	<u>20,432</u>
Total Governmental activities	<u>\$266,066</u>

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Business-type Activities:				
Assets not being depreciated:				
Construction in progress - water	\$0	\$23,380	\$0	\$23,380
Capital assets being depreciated:				
Sewer lines	2,757,156	0	0	2,757,156
Sewer land improvements	3,000	0	0	3,000
Sewer equipment	30,094	0	0	30,094
Water lines	6,532,043	42,514	0	6,574,557
Water land improvements	115,000	9,656	0	124,656
Water buildings and improvements	1,298,860	39,993	0	1,338,853
Water equipment	1,502,154	9,569	0	1,511,723
Total capital assets	<u>12,238,307</u>	<u>125,112</u>	<u>0</u>	<u>12,363,419</u>
Less accumulated depreciation for:				
Water lines	0	(179,494)	0	(179,494)
Sewer lines	(220,374)	(55,143)	0	(275,517)
Land improvements	(850)	(8,085)	0	(8,935)
Equipment	(10,114)	(90,999)	0	(101,113)
Building	0	(65,325)	0	(65,325)
Total accumulated depreciation	<u>(231,338)</u>	<u>(399,046)</u>	<u>0</u>	<u>(630,384)</u>
Net capital assets	<u>\$12,006,969</u>	<u>(\$273,934)</u>	<u>\$0</u>	<u>\$11,733,035</u>

**WHITEFORD TOWNSHIP**

*Notes to Financial Statements*  
*Year Ended June 30, 2020*

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Note 6      Interfund Payables and Receivables  
Such balances at June 30, 2020 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Water Fund	\$135,903	\$0
Sewer I Fund	48,216	0
Sewer II Fund	24,092	0
Water Fund:		
General Fund	0	135,903
Sewer I Fund:		
General Fund	0	48,216
Sewer II Fund:		
General Fund	0	24,092
	<u>\$208,211</u>	<u>\$208,211</u>

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

Note 7      Interfund Transfers  
There were no interfund transfers for the year ended June 30, 2020.

# WHITEFORD TOWNSHIP

Notes to Financial Statements  
Year Ended June 30, 2020

## Note 8 Long-Term Debt

The following is a summary of long-term debt outstanding as of June 30, 2020:

	Interest Rate	Date of Issue	Maturity Dates	Original Amount of Issue	Balance Outstanding
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	\$0
Contract Liability for:					
Act 143 Notes, Series 2012 Michigan Transportation Fund Bonds.	3.050%	5/31/12	8/1/22	700,000	225,000
				918,013	225,000
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	1,036,000
2017 Special Assessment Bond, Series A-2, Limited Tax General Obligation Water System Bonds.	2.000%	6/22/17	6/1/57	528,000	501,000
2017 Special Assessment Bond, Series B, Limited Tax General Obligation Water System Bonds.	3.375%	6/22/17	6/1/57	3,013,000	2,899,000
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	559,000
2013 Special Assessment Bond, Series B, Limited Tax General Obligation Sewer System Bonds.	2.125%	8/20/13	8/1/54	62,000	16,000
				5,312,000	5,011,000
				\$6,230,013	\$5,236,000



# WHITEFORD TOWNSHIP

## *Notes to Financial Statements* *Year Ended June 30, 2020*

### Note 8

#### Long-Term Debt (Continued)

The following is a summary of changes in long-term debt as of June 30, 2020:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2020</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%.	\$28,081	\$0	\$28,081	\$0	\$0
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>300,000</u>	<u>0</u>	<u>75,000</u>	<u>225,000</u>	<u>75,000</u>
Total governmental activities	328,081	0	103,081	225,000	75,000

# WHITEFORD TOWNSHIP

## Notes to Financial Statements Year Ended June 30, 2020

### Note 8 Long-Term Debt (Continued)

	Balance July 1, 2019	Additions	Retired	Balance June 30, 2020	Due Within One Year
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%.	\$571,000	\$0	\$12,000	\$559,000	\$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%.	17,000	0	1,000	16,000	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%.	1,055,000	0	19,000	1,036,000	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%.	510,000	0	9,000	501,000	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%.	2,938,000	0	39,000	2,899,000	41,000
Total business-type activities	5,091,000	0	80,000	5,011,000	82,000
Total long-term debt	\$5,419,081	\$0	\$183,081	\$5,236,000	\$157,000

**WHITEFORD TOWNSHIP**

*Notes to Financial Statements*  
*Year Ended June 30, 2020*

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Note 8      Long-Term Debt (Continued)  
Act 143 Notes, Series 2012 Michigan Transportation Fund Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>		Total Principal and Interest
	August 1	August 1	February 1	Due Annually
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>\$225,000</u>	<u>\$6,863</u>	<u>\$3,432</u>	<u>\$235,295</u>

# WHITEFORD TOWNSHIP

*Notes to Financial Statements*  
*Year Ended June 30, 2020*

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

Year	Principal	Interest		Total Principal and Interest
	August 1	August 1	February 1	Due Annually
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>\$559,000</u>	<u>\$106,110</u>	<u>\$100,520</u>	<u>\$765,630</u>

**WHITEFORD TOWNSHIP**

*Notes to Financial Statements*  
*Year Ended June 30, 2020*

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

Year	Principal	Interest		Total Principal and Interest
	August 1	August 1	February 1	Due Annually
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>\$16,000</u>	<u>\$1,446</u>	<u>\$1,446</u>	<u>\$18,892</u>

# WHITEFORD TOWNSHIP

*Notes to Financial Statements*  
*Year Ended June 30, 2020*

## Note 8

### Long-Term Debt (Continued)

2017 Special Assessment Bonds, Series A-1 (Limited Tax)

Year	Principal	Interest		Total Principal and Interest
	June 1	December 1	June 1	Due Annually
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>\$1,036,000</u>	<u>\$220,310</u>	<u>\$220,310</u>	<u>\$1,476,620</u>

# WHITEFORD TOWNSHIP

## Notes to Financial Statements Year Ended June 30, 2020

### Note 8

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

Year	Principal	Interest		Total Principal and Interest
	June 1	December 1	June 1	Due Annually
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>\$501,000</u>	<u>\$106,510</u>	<u>\$106,510</u>	<u>\$714,020</u>

**WHITEFORD TOWNSHIP***Notes to Financial Statements  
Year Ended June 30, 2020***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	
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>\$2,899,000</u>	<u>\$1,110,561</u>	<u>\$1,110,561</u>	<u>\$5,120,122</u>



# WHITEFORD TOWNSHIP

## Notes to Financial Statements Year Ended June 30, 2020

### Note 8 Long-Term Debt (Concluded)

The annual requirements to pay principal and interest on the long-term debt outstanding at June 30, 2020 are as follows:

<u>Fiscal Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$75,000	\$5,719	\$80,719
2022	75,000	3,432	78,432
2023	75,000	1,144	76,144
	<u>\$225,000</u>	<u>\$10,295</u>	<u>\$235,295</u>

<u>Fiscal Years</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	91,000	130,756	221,756
2026-2030	496,000	615,352	1,111,352
2031-2035	560,000	544,330	1,104,330
2036-2040	639,000	463,042	1,102,042
2041-2045	729,000	369,406	1,098,406
2046-2050	835,000	261,280	1,096,280
2051-2055	936,000	136,654	1,072,654
2056-2057	382,000	17,074	399,074
	<u>\$5,011,000</u>	<u>\$3,084,284</u>	<u>\$8,095,284</u>

### Note 9 Charges for Services

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

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 \$2.50 billing fee, plus the \$11.46 repair, replacement, and improvement fee for a total of \$43.46. 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 \$2.50 billing fee, plus the \$11.46 to \$45.09 repair, replacement, and improvement fee for a total ranging from \$64.82 to \$165.59. Residential customers using more than 4,500 gallons per month shall pay a fixed rate of \$7.00 per thousand gallons, and commercial customers using more than 4,500 gallons per month shall pay a fixed rate of \$9.00 per thousand gallons.

## WHITEFORD TOWNSHIP

### *Notes to Financial Statements* *Year Ended June 30, 2020*

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#### 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 \$51.86 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, 2020, the Township levied, on December 1, 2019, the following mills due and payable on February 14, 2020:

General Operating	0.9222
County Road	0.9742
Fire Department	<u>0.9742</u>
	<u>2.8706</u>

Taxable values, which amounted to \$230,514,762 represent a percent of the fair market value of the assessed properties on December 31, 2019. The Township also collected taxes on properties covered under industrial facilities exemptions which had a total taxable value of \$696,501.

For the year ended June 30, 2020, the Township also billed and retained \$67,003 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 \$1,001 under these programs.

## WHITEFORD TOWNSHIP

### *Notes to Financial Statements* *Year Ended June 30, 2020*

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#### 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>
2021	\$20,970
2022	20,970
2023	10,485
	<u>\$52,425</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>
2021	\$996
2022	996
2023	83
	<u>\$2,075</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.

#### Note 14      Subsequent Events

The Township's management evaluated subsequent events from June 30, 2020 through October 29, 2020, the date the financial statements were available to be issued. In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the ultimate impact and duration of this outbreak is uncertain, the Township anticipates a negative impact on net assets, operations, and cash flows. Possible effects include, but are not limited to, decreases in property taxes, state shared revenue, state grants, charges for services, and other revenue. However, the financial impact of such decreases cannot be reasonably estimated at this time.

## REQUIRED SUPPLEMENTAL INFORMATION

# WHITEFORD TOWNSHIP

## General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property taxes	\$226,000	\$226,000	\$211,630	(\$14,370)
Administrative fees	67,000	67,000	67,003	3
Penalties and interest on tax	3,500	3,500	1,595	(1,905)
	<u>296,500</u>	<u>296,500</u>	<u>280,228</u>	<u>(16,272)</u>
Licenses and permits:				
Business	4,500	4,500	2,140	(2,360)
Non-business	62,650	62,650	88,064	25,414
	<u>67,150</u>	<u>67,150</u>	<u>90,204</u>	<u>23,054</u>
State grants:				
State shared revenue	390,000	390,000	397,237	7,237
Local community stabilization share	11,000	11,000	7,179	(3,821)
Right of way	10,000	10,000	10,530	530
	<u>411,000</u>	<u>411,000</u>	<u>414,946</u>	<u>3,946</u>
Charges for services:				
Franchise fees	25,000	25,000	23,772	(1,228)
Rentals	2,000	2,000	2,420	420
Cemetery	52,000	52,000	58,734	6,734
Haul route fees	85,000	85,000	119,059	34,059
	<u>164,000</u>	<u>164,000</u>	<u>203,985</u>	<u>39,985</u>
Interest	300	300	4,367	4,067
Other revenue:				
Other revenue	23,400	80,657	77,065	(3,592)
	<u>23,400</u>	<u>80,657</u>	<u>77,065</u>	<u>(3,592)</u>
Total Revenues	962,350	1,019,607	1,070,795	51,188
<b>Expenditures</b>				
Legislative:				
Township board	23,265	23,305	18,871	4,434
General government:				
Supervisor	56,325	61,737	61,410	327
Elections	9,350	11,450	11,164	286
Board of review	1,300	1,400	1,394	6
Assessor	58,077	58,177	58,006	171
Clerk	60,051	60,391	55,636	4,755
Treasurer	69,325	69,345	67,939	1,406
Township hall and grounds	137,350	136,600	131,628	4,972
	<u>391,778</u>	<u>399,100</u>	<u>387,177</u>	<u>11,923</u>

# WHITEFORD TOWNSHIP

*General Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2020*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Expenditures (Concluded)</b>				
Public safety:				
Police department	\$66,930	\$64,307	\$50,927	\$13,380
Fire department	87,574	106,669	109,653	(2,984)
Building inspection	53,375	68,605	64,714	3,891
	<u>207,879</u>	<u>239,581</u>	<u>225,294</u>	<u>14,287</u>
Public works:				
Street lights	9,000	11,150	10,324	826
Roads and drains	110,000	77,961	16,502	61,459
Cemetery	68,900	98,360	96,453	1,907
Engineer	0	33,145	31,240	1,905
	<u>187,900</u>	<u>220,616</u>	<u>154,519</u>	<u>66,097</u>
Community and economic development:				
Zoning enforcement	4,850	4,850	1,911	2,939
Recreation and cultural:				
Park	65,800	134,287	132,056	2,231
Other:				
Insurance	75,000	74,900	59,700	15,200
Other	550	1,150	878	272
	<u>75,550</u>	<u>76,050</u>	<u>60,578</u>	<u>15,472</u>
Total Expenditures	<u>957,022</u>	<u>1,097,789</u>	<u>980,406</u>	<u>117,383</u>
<b>Net Change in Fund Balance</b>	5,328	(78,182)	90,389	168,571
Fund Balance - Beginning of year	<u>939,201</u>	<u>939,201</u>	<u>939,201</u>	<u>0</u>
Fund Balance - End of year	<u>\$944,529</u>	<u>\$861,019</u>	<u>\$1,029,590</u>	<u>\$168,571</u>

# WHITEFORD TOWNSHIP

*County Road Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2020*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes:				
Property taxes	\$226,000	\$226,000	\$223,579	(\$2,421)
State grants:				
Local community stabilization share	12,500	12,500	8,280	(4,220)
Local grants:				
Contribution from local unit	15,000	15,000	0	(15,000)
Interest	125	125	134	9
Total Revenue	253,625	253,625	231,993	(21,632)
<b>Expenditures</b>				
Public works:				
Roads and drains	64,800	327,100	324,782	2,318
Other	405	405	0	405
	65,205	327,505	324,782	2,723
Debt Service:				
Bond principal	77,808	103,088	103,081	7
Bond interest	8,917	7,462	7,423	39
	86,725	110,550	110,504	46
Total Expenditures	151,930	438,055	435,286	2,769
<b>Net Change in Fund Balance</b>	101,695	(184,430)	(203,293)	(18,863)
Fund Balance - Beginning of year	222,412	222,412	222,412	0
Fund Balance - End of year	\$324,107	\$37,982	\$19,119	(\$18,863)

# WHITEFORD TOWNSHIP

*Fire Department Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2020*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Taxes:	\$226,000	\$226,000	\$223,579	(\$2,421)
Property taxes				
State grants:				
Volunteer fire assistance grant	0	130,800	129,123	(1,677)
Local community stabilization share	4,500	4,500	3,299	(1,201)
	<u>4,500</u>	<u>135,300</u>	<u>132,422</u>	<u>(2,878)</u>
Local grant:				
Firehouse subs foundation grant	0	16,355	16,351	(4)
Other revenue:				
Interest	1,000	1,000	1,380	380
Other revenue	0	0	9,000	9,000
	<u>1,000</u>	<u>1,000</u>	<u>10,380</u>	<u>9,380</u>
Total Revenue	231,500	378,655	382,732	4,077
<b>Expenditures</b>				
Public safety:				
Capital outlay	30,000	177,155	162,415	14,740
Other	650	650	200	450
Total Expenditures	<u>30,650</u>	<u>177,805</u>	<u>162,615</u>	<u>15,190</u>
<b>Net Change in Fund Balance</b>	200,850	200,850	220,117	19,267
Fund Balance - Beginning of year	<u>432,005</u>	<u>429,519</u>	<u>429,519</u>	<u>0</u>
Fund Balance - End of year	<u>\$632,855</u>	<u>\$630,369</u>	<u>\$649,636</u>	<u>\$19,267</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, 2020*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Interest	\$1,000	\$1,000	\$1,269	\$269
<b>Expenditures</b>				
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	1,000	1,000	1,269	269
Fund Balance - Beginning of year	<u>121,575</u>	<u>121,575</u>	<u>121,575</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$122,575</u></u>	<u><u>\$122,575</u></u>	<u><u>\$122,844</u></u>	<u><u>\$269</u></u>

**WHITEFORD TOWNSHIP***Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2020*

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Streetlight	Liquor Law Enforcement	Private Roads	
<b>Assets</b>				
Cash	\$1,880	\$13,030	\$9,108	\$24,018
Total Assets	<u>\$1,880</u>	<u>\$13,030</u>	<u>\$9,108</u>	<u>\$24,018</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>	\$100	\$538	\$3,085	\$3,723
<b>Fund Balances</b>				
Restricted for:				
Liquor law enforcement	0	12,492	0	12,492
Public works	<u>1,780</u>	<u>0</u>	<u>6,023</u>	<u>7,803</u>
Total Fund Balances	<u>1,780</u>	<u>12,492</u>	<u>6,023</u>	<u>20,295</u>
Total Liabilities and Fund Balances	<u>\$1,880</u>	<u>\$13,030</u>	<u>\$9,108</u>	<u>\$24,018</u>

**WHITEFORD TOWNSHIP**

*Nonmajor Governmental Funds*  
*Combining Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Year Ended June 30, 2020*

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Streetlight	Liquor Law Enforcement	Private Roads	
<b>Revenues</b>				
Special assessments	\$2,080	\$0	\$9,345	\$11,425
State grants	0	4,000	0	4,000
Total Revenues	2,080	4,000	9,345	15,425
<b>Expenditures</b>				
Public safety	0	6,459	0	6,459
Public works	1,999	0	7,786	9,785
Total Expenditures	1,999	6,459	7,786	16,244
<b>Net Change in Fund Balances</b>	81	(2,459)	1,559	(819)
Fund Balances - Beginning of year	1,699	14,951	4,464	21,114
Fund Balances - End of year	\$1,780	\$12,492	\$6,023	\$20,295

**WHITEFORD TOWNSHIP**

*Streetlight Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2020*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Special assessments	\$2,080	\$2,080	\$2,080	\$0
<b>Expenditures</b>				
Public works:				
Streetlight utility bills	<u>2,000</u>	<u>2,000</u>	<u>1,999</u>	<u>1</u>
<b>Net Change in Fund Balance</b>	80	80	81	1
Fund Balance - Beginning of year	<u>1,699</u>	<u>1,699</u>	<u>1,699</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$1,779</u></u>	<u><u>\$1,779</u></u>	<u><u>\$1,780</u></u>	<u><u>\$1</u></u>

**WHITEFORD TOWNSHIP**

*Liquor Law Enforcement Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2020*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
State grants	\$4,000	\$4,000	\$4,000	\$0
<b>Expenditures</b>				
Public safety:				
Liquor inspection	<u>7,025</u>	<u>7,025</u>	<u>6,459</u>	<u>566</u>
<b>Net Change in Fund Balance</b>	(3,025)	(3,025)	(2,459)	566
Fund Balance - Beginning of year	<u>14,951</u>	<u>14,951</u>	<u>14,951</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$11,926</u></u>	<u><u>\$11,926</u></u>	<u><u>\$12,492</u></u>	<u><u>\$566</u></u>

**WHITEFORD TOWNSHIP**

*Private Roads Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2020*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Special assessment	\$6,000	\$6,000	\$9,345	\$3,345
<b>Expenditures</b>				
Public works:				
Road maintenance	<u>8,500</u>	<u>8,500</u>	<u>7,786</u>	<u>714</u>
<b>Net Change in Fund Balance</b>	(2,500)	(2,500)	1,559	4,059
Fund Balance - Beginning of year	<u>4,464</u>	<u>4,464</u>	<u>4,464</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$1,964</u></u>	<u><u>\$1,964</u></u>	<u><u>\$6,023</u></u>	<u><u>\$4,059</u></u>

**WHITEFORD TOWNSHIP**

*Tax Collection Agency Fund*  
*Statement of Changes in Assets and Liabilities*  
*June 30, 2020*

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b>Assets</b>				
Cash	\$11,106	\$7,273,616	\$7,284,722	\$0
Due from other governmental units	19,406	0	19,291	115
Total Assets	<u>\$30,512</u>	<u>\$7,273,616</u>	<u>\$7,304,013</u>	<u>\$115</u>
<b>Liabilities</b>				
Due to other governmental units	<u>\$30,512</u>	<u>\$7,273,616</u>	<u>\$7,304,013</u>	<u>\$115</u>
Total Liabilities	<u>\$30,512</u>	<u>\$7,273,616</u>	<u>\$7,304,013</u>	<u>\$115</u>



**WHITEFORD TOWNSHIP***Water Fund**Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position  
Years Ended June 30, 2020 and 2019*

	2020	2019
<b>Operating Revenues</b>	\$208,102	\$51,319
<b>Operating Expenses</b>		
Sources of supply:		
Wages	85,558	0
Fringe benefits	9,420	0
Utilities	33,355	0
Operations and maintenance	45,969	0
Operating supplies	51,095	0
Depreciation	341,607	0
	<u>567,004</u>	<u>0</u>
Office and administration:		
Office supplies and maintenance	2,913	815
Contracted services	10,524	0
Professional fees	6,835	0
Miscellaneous	3,674	0
	<u>23,946</u>	<u>815</u>
Total Operating Expenses	<u>590,950</u>	<u>815</u>
Net Operating Income (Loss)	(382,848)	50,504
<b>Non-Operating Revenues (Expenses)</b>		
Special assessment	181,957	190,363
Interest revenue	170,213	180,566
Interest expense	(130,073)	(123,846)
Insurance reimbursement	16,762	0
Grant revenue	0	1,078,000
	<u>0</u>	<u>1,078,000</u>
<b>Change in Net Position</b>	(143,989)	1,375,587
Net Position - Beginning of year	<u>5,507,415</u>	<u>4,131,828</u>
Net Position - End of year	<u><u>\$5,363,426</u></u>	<u><u>\$5,507,415</u></u>

# WHITEFORD TOWNSHIP

## Sewer I Fund

### Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position

Years Ended June 30, 2020 and 2019

	2020	2019
<b>Operating Revenues</b>		
Charges for services:		
Collection fees	\$33,088	\$38,052
<b>Operating Expenses</b>		
Sources of supply:		
Contracted services	400	18,768
Utilities	1,818	1,604
Operations and maintenance	19,681	19,512
Operating supplies	117	0
Depreciation	442	443
	22,458	40,327
Office and administration:		
Wages	4,800	4,800
Fringe benefits	367	367
Other	17	31
	5,184	5,198
Total Operating Expenses	27,642	45,525
Net Operating Income (Loss)	5,446	(7,473)
<b>Non-Operating Revenues (Expenses)</b>		
Interest revenue	88	92
Reimbursement	0	13,107
Total Non-Operating Revenues (Expenses)	88	13,199
Excess (Deficiency) of Revenues Over Expenditures	5,534	5,726
<b>Capital grant contributions</b>		
Grant revenue	0	12,606
<b>Change in Net Position</b>	5,534	18,332
Net Position - Beginning of year	51,248	32,916
Net Position - End of year	\$56,782	\$51,248

**WHITEFORD TOWNSHIP***Sewer II Fund**Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position  
Years Ended June 30, 2020 and 2019*

	2020	2019
<b>Operating Revenues</b>		
Charges for services:		
Collection fees	\$59,642	\$60,896
Other revenue	0	989
Total Operating Revenues	59,642	61,885
<b>Operating Expenses</b>		
Sources of supply:		
Contracted services	400	460
Utilities	6,177	5,069
Operating supplies	29,045	24,063
Depreciation	56,998	57,728
	92,620	87,320
Office and administration:		
Wages	4,800	4,800
Fringe benefits	367	367
Office supplies and maintenance	1,487	1,254
	6,654	6,421
Total Operating Expenses	99,274	93,741
Net Operating Income (Loss)	(39,632)	(31,856)
<b>Non-Operating Revenues (Expenses)</b>		
Special assessment	20,710	37,643
Interest revenue	16,380	0
Interest expense	(11,542)	(11,994)
Total Non-Operating Revenues (Expenses)	25,548	25,649
<b>Change in Net Position</b>	(14,084)	(6,207)
Net Position - Beginning of year	2,099,358	2,105,565
Net Position - End of year	\$2,085,274	\$2,099,358

# COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

Township Board  
Whiteford Township  
Ottawa Lake, Michigan 49267

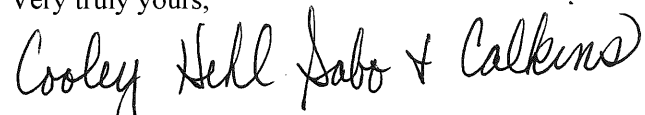
In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Whiteford Township as of and for the year ended June 30, 2020, in accordance with auditing standards generally 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,



October 28, 2020

# COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

October 28, 2020

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, 2020. 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 September 25, 2020. 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, 2020. 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.

*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 October 28, 2020.

*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,

*Cooley Nell Habs & Calkins*