

Charter Township of Waterford, Michigan

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
December 31, 2011**

Prepared by Waterford Township staff

Charter Township of Waterford

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BOARD OF TRUSTEES

Carl W. Solden, Supervisor
Kari Vlaeminck, Clerk
Margaret Birch, Treasurer
Anthony M. Bartolotta, Trustee
David J. Kramer, Trustee
David J. Maloney, Trustee
Bette O'Shea, Trustee

WATERFORD

A CHARTER TOWNSHIP

5200 Civic Center Drive
Waterford, Michigan 48329-3773
Telephone: (248) 674-6201 • Fax: (248) 674-5451
www.twp.waterford.mi.us

CARL W. SOLDEN
Supervisor

June 7, 2012

To the Board of Trustees and Citizens
Charter Township of Waterford
Oakland County, Michigan

In accordance with accounting principles generally accepted in the United States (GAAP), we are submitting the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2011. This report has been prepared in conformance with the principles and standards for financial reporting as set forth by the Governmental Accounting Standards Board (GASB) and complies with the requirements of GASB Statement Number 34. It discusses the financial results for the year, provides information on budgetary performance, and includes information on the financial condition of Waterford Township. This report was prepared by and is the responsibility of the Township's management.

This transmittal letter provides information regarding the economy and the governing structure of Waterford Township. An overview of the Township's financial activities for the fiscal year is discussed in detail in the Management's Discussion and Analysis (MD&A) portion of the financial section of the CAFR, which should be read in conjunction with this letter.

GOVERNMENT PROFILE

Waterford Township is organized under Act 359 of 1947 as a Charter Township. Policy-making and legislative authority are vested in the seven member Township Board, four of whom are elected at large in partisan elections as part-time legislators. The Board is responsible for passing ordinances, determining policy, and adopting the budget. The executive function is distributed between the Township Supervisor, Clerk and Treasurer; all of whom also sit on the Board.

This report covers all funds of Waterford Township. The Township provides a full range of services, including, but not limited to, police and fire protection; recreational and cultural activities; and water and sewer services.

«Moving Forward Together»

ECONOMIC CONDITION AND OUTLOOK

The Charter Township of Waterford was established as a Charter Township in 1961 by a vote of the electorate. The Township is located in the center of Oakland County, immediately to the west of the City of Pontiac. The Township has an area of 35.1 square miles and is traversed from east to west by M-59 (Highland Road) and from Southeast to Northwest by US-24 (Dixie Highway).

The Township is the geographic center of Oakland County. A portion of the Oakland County Government campus is located in Waterford. The Oakland Intermediate School District is also headquartered in Waterford. Oakland County International Airport (OCIA) is located in the northwest portion of the Township. The airport serves corporate, charter and private general aviation activity, in addition to providing US Customs Service activity for international flights. The OCIA has approximately 800 based aircraft, with more than 150 corporations basing aircraft at the airport. The OCIA accommodates approximately 120,000 takeoffs and landings annually, ranking it the second busiest airport in Michigan and the twelfth busiest general aviation airport in the United States.

Grand Trunk Railroad traverses the Township from Southeast to Northwest. The railroad provides shipping access to several Township businesses.

Within the Township there is a significant retail and service industry capacity that can provide a substantial employment base; the stability and growth of this employment base over the next five to ten years will be dependent on the national and state economic recovery efforts. The Township has an area wide sewer system which is connected to the Detroit system for treatment. The municipal water system is operated throughout the Township by the Department of Public Works and produces water from 19 wells located at ten different locations throughout Waterford Township.

Several industries are located in the Township. Rite Aid Drug Store's regional distribution center, serving six states, operates a quarter million square foot warehouse complex. Other industries within the Township include metal fabricating, screw machine productions, and manufacturers of motor parts, electronic components, industrial computers, and precision measuring instruments. Automotive assembly plants are located within minutes of the Township.

Commercial and Residential Development

The rapid decline and near elimination of the automobile assembly industry in southeastern Michigan continues to result in high unemployment rates for the former factory workers as well as those employed in the service and support businesses that developed in the vicinity of the former factories. These economic conditions combined with a nationwide banking crisis resulted in a large number of single family homes going into foreclosure. These foreclosed homes are still being processed and being re-sold at prices reminiscent of the early 1980's, this has resulted in new home construction in

Commercial and Residential Development (continued)

Waterford Township to almost completely cease. In addition commercial construction is lagging in part because investment capital is difficult to obtain from the banks. The total number of permits issued in 2011 decreased from low numbers experienced in 2009 and 2010. The number of building permits issued in 2011 to construct new single family homes hit an all time low of 7. Permits for construction, remodeling and expansion of commercial structures fell from the low levels of the past few years.

The following table demonstrates building permit activity within the Township over the past ten years:

Building Permits Issued

Calendar Year	Single Family Homes	Condominium Units	New Commercial	Total Permits
2011	7	0	1	326
2010	9	0	5	491
2009	16	0	5	436
2008	31	14	7	544
2007	38	16	11	585
2006	115	4	12	692
2005	118	12	25	833
2004	130	104	13	974
2003	131	44	15	908
2002	139	94	19	1,097

Area Demographics

Oakland County is located in the southeast portion of Michigan's Lower Peninsula. The County has an area of 910 square miles, which includes 30 cities, 10 villages and 21 townships. Within the county are 5 rivers, 423 inland lakes, numerous small streams and rolling landscapes – all of which make the area attractive to homeowners and builders.

Oakland County private sector employment outperformed the nation, the state and all major labor market areas in the state in the last decade. However, both Oakland County and Waterford Township have been impacted by the current trying economic environment of the nation and the state. Unemployment countywide has averaged 10.8 percent during the past two years, up from an average 6.3 percent prior to March 2008. Waterford Township has averaged 12.2 percent unemployment during the past two years, up from an average 7.2 percent prior to March 2008. Future job growth will be dependent on the economic recovery efforts at both the state and federal levels.

Area Demographics (continued)

Based on the results of the 2010 Census, the economic recession has also had an impact on the population trends in both Oakland County and Waterford Township. The County's population remained virtually unchanged between 2000 and 2010, increasing only 0.68 percent. This is the smallest increase in over a century; the average decade-to-decade population change for Oakland County since 1900 has been a 43.8 percent increase. Waterford Township experienced a two percent population decrease between 2000 and 2010. This is the first decade-to-decade population decrease that Waterford has experienced since the 1900 to 1910 period, when Waterford's population decreased 1.3 percent.

FINANCIAL INFORMATION

Internal and Budgetary Control

Township administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Township are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute assurances, that these objectives are met. The primary financial management control instrument of the Township is the annual budget. It is adopted each year by the Board of Trustees in accordance with the State of Michigan Uniform Budgeting Act, P.A. 621 of 1978, by December 15th for the subsequent year. The Township's fiscal year is January through December. Budget preparation begins in June of each year. Departments assess potential revenues and expenses and submit a request to the Township Supervisor. The Township Supervisor, the Budget Director and the Assistant Budget Director review all departmental requests and prepare a final recommended budget for submission to the Township Board. The Board approves appropriations on the departmental basis, which becomes the legal level of control. An encumbrance system is in place to ensure that this control is not violated. All amendments to this budget must be approved by the Board throughout the fiscal year. Amounts appropriated, but not spent by the end of the fiscal year, must be re-appropriated by the Board for the subsequent fiscal year.

All internal control evaluations occur within the above framework. We believe that the Township's internal control structure adequately safeguards assets and provides reasonable assurance of the proper recording of financial information for both internal and external reporting purposes.

Long Term Financial Planning

Waterford continues to monitor financial trends and stays in contact with State, County and Regional authorities to project future trends in major revenues including property taxes, state shared revenue and economic development related fees. A multi-year forecasting tool was completed in late 2011 to assist the Township with the long term financial process.

The dramatic decline in property values is expected to continue through 2012. This will lead to a large loss of tax dollars. Millages scheduled to renew in 2012 and 2014 will be vital to our long range plans.

The township will be paying close attention to health and pension related expenses. Changes in Federal Health Care policy may have a dramatic impact on future township budgets. The Township also plans on implementing Michigan PA 152 relating to health care costs. The estimated savings will be \$1.2 million annually once it is fully implemented for all employee groups. Volatility in the stock market could also impact, either in a positive or negative manner the townships funding for the defined benefit pension plans and the retiree health trust fund.

Relevant Financial Policies

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. Further significant policies are discussed in detail under Note 1 of the Basic Financial Statements section of the financial statements. There were no policies that had a significant or unusual impact on the current period's financial statements.

Cash Management

The Township's nationally certified Investment Policy adopted on April 28, 2008 includes the legal requirements for municipalities covered under Michigan Public Act 20 of 1943, as amended. It is the policy of the Charter Township of Waterford to invest public funds in a manner which will ensure the preservation of capital while providing the best investment return with maximum security, meeting the daily cash flow demands of the Township. Investments are placed with institutions that are approved yearly by the Township Board and deemed to provide minimal risk to the Township's assets. Our investment portfolio currently consists of money market funds, certificates of deposit, CDARS, U.S. Treasury and other obligations of the U.S. and authorized local government pooled funds, in compliance with the Township's investment policy and Public Act 20, as amended.

Due to economic conditions and the events which transpired involving banking and investment institutions in 2008 the Township continues to take a conservative approach to investing. There have been many failures in the banking industry and Michigan is not immune from such failures. Risk is being minimized to safeguard deposits and

Cash Management (continued)

investments during this volatile time. Interest rates have declined significantly resulting in minimal interest earning as a revenue source.

Risk Management

The Charter Township of Waterford is a member of the Michigan Municipal Risk Management Authority (MMRMA). The MMRMA is a self-insured association with a membership of approximately 330 Michigan local governmental units. It provides risk management, claims administration, legal defense, and reinsurance services for its members.

As a member, Waterford Township has liability coverage of up to \$15,000,000 per occurrence. Our self-insured retention is \$100,000 per occurrence. We are actively involved in risk control through supervisory and employee training, facilities inspections, and utilization of the MMRMA Risk Control Staff.

Waterford Township is also self-insured for workers' compensation coverage. The Township has retained the services of Comprehensive Risk Services (CRS) as a third-party administrator to monitor and pay workers' compensation claims on its behalf. The Township, in cooperation with CRS, aggressively manages claims and works to reduce on-the-job injuries through safety training, inspections and an employee safety committee.

Component Units

Included in the financial statements are three discretely presented component units: Economic Development Corporation (EDC); Waterford Youth Assistance Corporation (WYA); and Veteran's Memorial Fund (VMD). Although considered separate legal entities, the component units are part of the Township's operations and are financially accountable to the Township and the Township Board has the ability to impose its will on each entity.

Independent Audit

As required by State of Michigan law, the Charter Township of Waterford accounts and financial statements have been independently audited by the accounting firm Plante & Moran, PLLC. The goal of the audit is to obtain a reasonable assurance that the financial statements contained within are free of material misstatement and accurately reflect the financial position of the Township. The auditor's report is presented as the first component of the financial section of this report.

In addition, Plante & Moran conducted the federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. These reports are available in the Single Audit section of the CAFR.

Independent Audit (continued)

While the independent auditor has expressed an unqualified opinion of the financial statements contained in this report, management takes sole responsibility for the contents of the CAFR. To the best of its knowledge, staff believes the CAFR information is accurate in all material respects.

AWARDS AND RECOGNITIONS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Charter Township of Waterford for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This was the seventh consecutive year that the Township has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

This CAFR reflects the work and commitment of the staff members of the Clerk's Office, Treasurer's Office and the Office of Fiscal & Human Resources. This document could not have been accomplished without their efforts and each contributor deserves sincere appreciation. Management would also like to express its appreciation to Plante & Moran, the Township's independent auditors, who assisted and contributed to the preparation of this Comprehensive Annual Financial Report.

Respectfully submitted,



Carl W. Solden
Township Supervisor



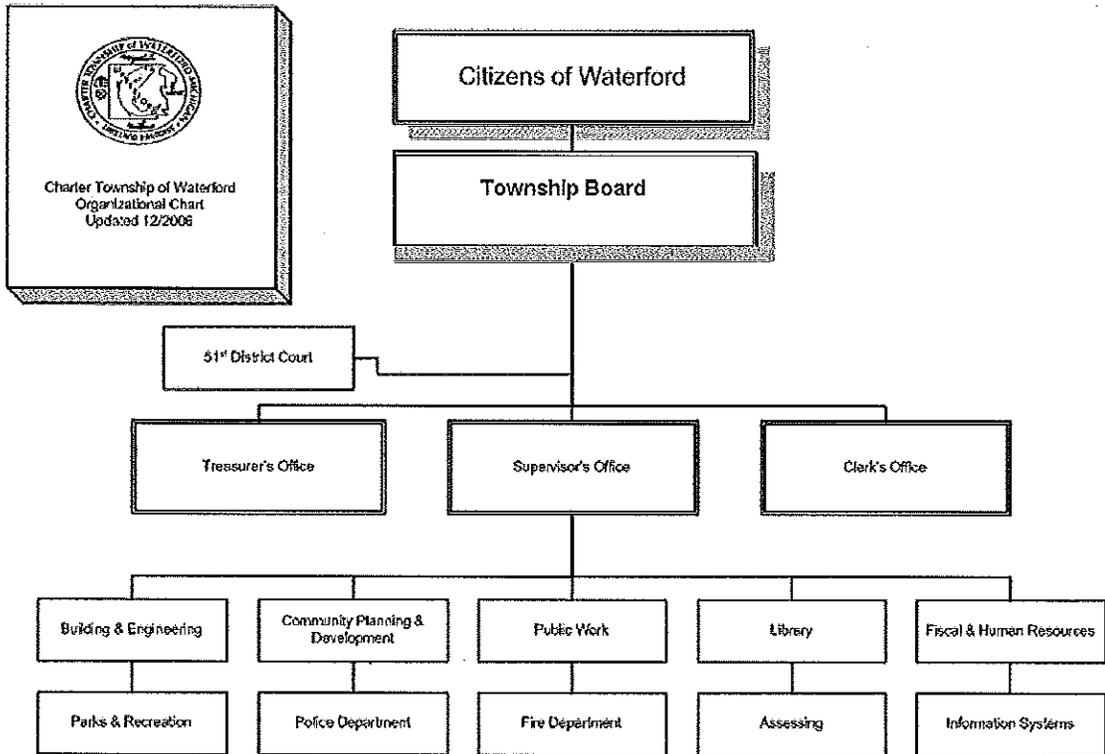
Kari Vlaeminck
Township Clerk



Margaret Birch
Township Treasurer

Charter Township of Waterford

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Charter Township of Waterford
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

**Charter Township of Waterford
List of Principal Officers
Year Ended December 31, 2010**

Supervisor's Office

Supervisor

Carl W. Solden

Clerk's Office

Clerk

Kari L. Vlaeminck

Deputy Clerk

Kathleen C. Dunham

Accounting Manager

Barbara Miller

Treasurer's Office

Treasurer

Margaret Birch

Deputy Treasurer

Sandy J. Pulk

Assessing

Chief Assessor

Don E. Wood

Deputy Assessor

Larry J. Elliott

Building and Engineering

Director

Douglas Bradley

Assistant Director Building

Brent A. Gibson

Assistant Director Engineering

Robert A. Merinsky

Community Planning and Development

Director

Robert W. Vallina

Planning Division Head

Larry R. Lockwood

Fire

Chief

Dennis K. Storrs

Deputy Chief

Jeffrey Finkbeiner

Fiscal and Human Resources

Human Resources Director

Louis W. Feurino

Budget Director

Derek C. Diederich

Assistant Budget Director

Barbara Miller

Information Systems

Director

Jared W. Black

Library

Director

Joan M. Rogers

Parks and Recreation

Director

Thomas G. Newcombe

Police

Chief

Daniel T. McCaw

Deputy Chief

Jeffery H. James

Public Works

Director

Terry E. Biederman

Water and Sewer Superintendent

David McKee

Administrative Superintendent

Derek Diederich

Facilities and Operations Superintendent

David M. Papke

Engineering Superintendent

William A. Fritz

**Charter Township of Waterford
Labor Agreements
Year Ended December 31, 2011**

<u>Bargaining Unit</u>	<u>Expiration Date</u>	<u>Number of Employees</u>
Michigan Association of Police - Represents police officers and crime scene investigators	12/31/2012	34
Command Officers Association of Michigan - Represents police sergeants and lieutenants	12/31/2011	12
International Association of Firefighters - Represents all firefighting personnel	12/31/2012	60
Michigan Association of Police - Represents dispatchers	12/31/2011	12
Teamsters State, County, and Municipal Workers - Represents clerical, public works employees, building inspectors, and ordinance officers	12/31/2011	109

**Charter Township of Waterford
Fund Organization Chart**

Fund Name	Fund Number
General Fund	
General	101
Cemetery Care	209
Workers' Compensation	215
Special Revenue Funds	
Fire	206
Police	207
Police Restricted Use	208
Health Benefits	225
Bike Path	247
Cable Commission	250
Community Development Block Grant	260-263
Library	270
Library Donations	271
Nature Center	718
Weed Control and L.I.B.	844-883
Debt Service Funds	
Police and Fire Bond Service Fund	306
Capital Projects Funds	
Improvement Revolving	246
S.A.D. Road Paving	813
Enterprise Funds	
Water and Sewer	590
Internal Service Funds	
Motor Pool	360
Trust and Agency Funds	
Tax Collection	703
Regular Employee Pension	731
Police and Fire Pension	732
Retiree Health Fund	733
Other Agency	701-752



Independent Auditor's Report

To the Board of Trustees
Charter Township of Waterford
Oakland County, Michigan

We have audited the accompanying 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 the Charter Township of Waterford (the "Township") as of and for the year ended December 31, 2011, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Waterford's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Waterford as of December 31, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter Township of Waterford's basic financial statements. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension system schedules, and the budgetary comparison schedules for the General Fund and each major Special Revenue Fund on pages 3-11, 58-59, and 55-57, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and the retirement system schedules of funding progress 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.

To the Board of Trustees
Charter Township of Waterford
Oakland County, Michigan

The other budgetary comparison schedules and combining statements, as identified in the table of contents as other supplemental information, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. These schedules, along with the budgetary comparison schedules for the General Fund and each major Special Revenue Fund on pages 71-78 have been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2012 on our consideration of the Charter Township of Waterford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

During the year, the Township implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, as discussed in Notes 1 and 13. As a result of this required implementation, the Workers' Compensation Fund and Cemetery Care Fund are now included in the General Fund and the Improvement Revolving Fund is now presented as a Capital Projects Fund. In addition, fund balance classifications in the governmental fund financial statements have been changed to reflect the five new classifications under GASB No. 54.

Plante & Moran, PLLC

June 7, 2012

Charter Township of Waterford

Management's Discussion and Analysis

Financial Highlights

The following represents the most significant financial highlights for the year ended December 31, 2011.

- Total 2011 General Fund revenue was approximately \$1,597,000 below 2010 revenue. Decreased revenue was primarily due to reduced property taxes, licenses and permits, court fines and fees, and other miscellaneous revenue. Driving the property tax declines were the persistent declines in taxable values within the Township. One area where revenue moderately increased was cable franchise fees which were up \$58,256. Property taxes continue to be the largest source of revenue (44.25 percent of all General Fund revenue). Declines in property tax revenue are expected to continue over the next several years.
- State-shared revenue and grants, despite dramatic cuts over the past 10 years, remains our second largest revenue source. During the Township's 2011 fiscal year, state revenue sources increased \$163,446 (3.2 percent) when compared to 2010. State revenue sharing is \$2,543,774 below the amount received in 2001, which is a loss of 33.36 percent.
- Revenue from district court fees and fines decreased \$177,577 (11.99 percent) from the previous year. 2011 district court fines and fees revenue was \$1,177,846 below the 2004 amount. This is a reduction of 45.62 percent over the past seven years.
- General Fund expenditures and operating transfers out for fiscal year 2011 were less than 2010 - declining by approximately \$2,405,000.
- The General Fund fund balance at the beginning of the year was restated by an additional \$759,170. This increase was due to an accounting rule change (GASB No. 54) which moved two previously separate funds (Workers' Compensation and Cemetery Care) into the General Fund. The Workers' Compensation Fund transferred approximately \$645,000 and the Cemetery Care fund transferred \$113,895. During fiscal year 2011, the General Fund fund balance increased a modest \$165,473.
- The Police Fund fund balance increased by \$407,774 in fiscal year 2011. Staff reductions within the police department were the primary driver.
- The Fire Fund fund balance increased by \$65,008 in fiscal year 2011. In 2009, the fire department began patient transport and invested in additional staffing and equipment. In 2010 and 2011, the department was able to recover some of the investment via fees charged for transport services.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets (see page 12) and the statement of activities (see pages 13-14) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

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

The Township as a Whole

The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year (in millions of dollars):

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Assets						
Other assets	\$ 39.7	\$ 37.7	\$ 18.9	\$ 19.6	\$ 58.6	\$ 57.3
Capital assets	<u>55.9</u>	<u>54.8</u>	<u>89.7</u>	<u>90.1</u>	<u>145.6</u>	<u>144.9</u>
Total assets	95.6	92.5	108.6	109.7	204.2	202.2
Liabilities						
Current liabilities	26.4	23.8	1.9	2.0	28.3	25.8
Long-term liabilities	<u>22.0</u>	<u>24.3</u>	<u>18.1</u>	<u>20.4</u>	<u>40.1</u>	<u>44.7</u>
Total liabilities	<u>48.4</u>	<u>48.1</u>	<u>20.0</u>	<u>22.4</u>	<u>68.4</u>	<u>70.5</u>
Net Assets						
Invested in capital assets -						
Net of related debt	44.9	45.1	73.5	71.9	118.4	117.0
Restricted	5.2	5.4	1.9	2.2	7.1	7.6
Unrestricted (deficit)	<u>(2.9)</u>	<u>(6.1)</u>	<u>13.2</u>	<u>13.2</u>	<u>10.3</u>	<u>7.1</u>
Total net assets	<u>\$ 47.2</u>	<u>\$ 44.4</u>	<u>\$ 88.6</u>	<u>\$ 87.3</u>	<u>\$ 135.8</u>	<u>\$ 131.7</u>

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

The Township's combined net assets reduced significantly in 2011. The governmental activities portion of net assets decreased approximately \$2.8 million from the prior year. Declines were driven by the continued loss of property tax receivables, which are directly related to lower taxable values on properties located in the Township, and the addition of over \$4 million to other postemployment benefit obligations. Other Postemployment Employee Benefit Obligations (OPEB, for short) are retiree healthcare benefits promised to employees.

The Township continues to reduce debt associated with the 1998-1999 Police and Fire Building Construction, 2003 Water and Sewer System rehabilitation projects, and the \$2 million 2005 Capital Improvement debt. The Township utilizes just 4.93 percent of the statutorily allowed debt.

The following table shows the Township's major revenue and expenses as a whole for both the governmental and business-type activities (in millions of dollars). The bottom of the table shows the changes in net assets during the current year in comparison to the prior year.

Total revenue for governmental activities in 2011 decreased by \$3.9 million from the 2010 fiscal year. The largest decline was in property taxes, a 9.8 percent reduction from 2010.

Governmental expenses were down \$5.5 million in 2011. Public safety expenses were lower by 11.60 percent or \$3.4 million when compared to 2010.

In the business-type activities (Water and Sewer Fund), revenue was down \$1.9 million. This was due to customer demand changes and home occupancy rates.

The Water and Sewer Fund saw its overall cash position slightly increase in 2011 compared to 2010. The Water and Sewer Fund increased its year-end cash position by \$581,000 in fiscal year 2011 compared to 2010.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Revenue						
Program revenue:						
Charges for services	\$ 8.2	\$ 7.7	\$ 16.3	\$ 17.0	\$ 24.5	\$ 24.7
Operating grants and contributions	2.1	1.8	-	-	2.1	1.8
Capital grants and contributions	0.3	-	2.5	0.1	2.8	0.1
General revenue:						
Property taxes	27.3	24.6	-	-	27.3	24.6
State-shared revenue	5.0	5.1	-	-	5.0	5.1
Unrestricted investment earnings	0.1	0.1	-	0.1	0.1	0.2
Cable franchise fees	0.9	0.9	-	-	0.9	0.9
Miscellaneous	0.3	0.1	0.3	-	0.6	0.1
Total revenue	44.2	40.3	19.1	17.2	63.3	57.5
Program Expenses						
General government	7.0	6.7	-	-	7.0	6.7
Public safety:						
Fire and police	27.9	24.7	-	-	27.9	24.7
Building inspection	1.4	1.2	-	-	1.4	1.2
Public works	0.9	0.7	-	-	0.9	0.7
District Court	2.8	2.4	-	-	2.8	2.4
Community and economic development	2.7	2.2	-	-	2.7	2.2
Recreation and culture	5.6	4.9	-	-	5.6	4.9
Interest on long-term debt	0.3	0.3	-	-	0.3	0.3
Water and sewer	-	-	17.6	18.5	17.6	18.5
Total program expenses	48.6	43.1	17.6	18.5	66.2	61.6
Change in Net Assets	\$ (4.4)	\$ (2.8)	\$ 1.5	\$ (1.3)	\$ (2.9)	\$ (4.1)

Governmental Activities

The Township's governmental revenue totaled approximately \$40.3 million, with the greatest revenue source being property taxes. Property taxes made up approximately 61.0 percent of total governmental revenue in 2011. That percentage is down from approximately 61.8 percent of total governmental revenue in 2010. Property taxes had traditionally been a secure and growing revenue source for the Township before 2008. Unfortunately, due to the collapse in the housing market beginning in 2008, this secure source started to decline in 2009 and is expected to decrease over the next few years as housing sales impact taxable values.

Total 2011 governmental expenses for the Township were approximately \$43.1 million. Of this, 57.3 percent of all expenses were in the area of police and fire service; the same ratio in 2010 was 57.4 percent.

Business-type Activities

The Township's business-type activities consist of the Water and Sewer Fund. The Township provides water through a Township owned and operated ground water system. The water system treats and disinfects water and removes iron. Sewage conveyance and treatment is provided to customers through the Township's sewer network which discharges into Oakland County's sewer interceptor and is then sent onto Detroit's sewer treatment facilities.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

System revenue is primarily from fees paid by customers based on use. User fees made up approximately 98 percent of all revenue in 2011.

The business-type activities expenses totaled approximately \$18.5 million in 2011. Slightly more than \$6.5 million is collected from sewer customers and paid to Oakland County and the City of Detroit for sewage treatment and disposal.

The Township's Funds

An analysis of the Township's major funds begins on page 15, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township board created funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major governmental funds for 2011 include the General Fund, the Police Fund, and the Fire Fund. The Township's major business-type fund consists of the Water and Sewer Fund.

General Fund

The General Fund pays for most of the Township's governmental services. The two largest services funded by the General Fund are Police and Fire. The General Fund transferred \$4.8 million to the Police Fund and \$2.65 million to the Fire Fund in 2011.

Other major activities in the General Fund include the 51st District Court, the parks and recreation department, and all general government administrative and central services operations. Some of these activities rely on fees for services to help offset costs and some do not generate any significant service-related revenue. Many of these activities rely heavily on property taxes and state-shared revenue to subsidize their operations.

The Township's General Fund's year-end fund balance is approximately \$2,500,000. This amount represents approximately 13.1 percent of 2011's annual expenditures and net transfers to other funds. Due to an accounting rule change, reassignment of two funds, Workers' Compensation (\$656,269) and Cemetery Care (\$120,749) were moved into the General Fund. When subtracting those two funds out of the General Fund, the General Fund's fund balance at year end represented 9.1 percent of its annual expenditures in 2011. This level of fund balance is below the recommended level of between 10 percent and 15 percent of annual expenditures.

Police Fund

The Police Fund covers the operation of the police department. Major revenue included \$4.8 million from the Township's General Fund and an additional \$6,642,481 in special millage revenue for 2011. The department receives a small amount of its revenue from fees, grants, and interest on investments.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Over fiscal year 2011, the Police Fund balance modestly increased by approximately \$408,000. This change was due primarily to reduction in staff. The police department employed 31 fewer staff in 2011 than it did in 2010.

Fire Fund

The Fire Fund covers the operations of fire prevention, suppression, and emergency medical services. In 2011, the department received \$2.65 million from the General Fund and approximately \$5.8 million from special millages. The Fire Fund's fund balance increased by approximately \$65,000. The increase was possible by a larger transfer from the Township's General Fund in 2011.

Water and Sewer Fund

The Water and Sewer Fund continues to maintain a healthy amount of working capital. Because revenue is derived from user fees and fees are adjusted periodically to cover expenses, the fund is relatively secure. Unlike the governmental activities of the Township, the Water and Sewer Fund does not rely on tax dollars and state aid for its financial well-being.

Sewer rates have remained low as compared to surrounding communities. Sewer increases imposed by Oakland County and the City of Detroit are routinely passed on to customers. Rates have also recently been adjusted to cover debt payments associated with capital improvements.

Increasing labor costs, higher standards being placed on the system by both the federal and state governments, and the need to repair and maintain an aging system require the Township to continually monitor revenue and expenditures to ensure revenue remains at an adequate level to support the required expenditures of the systems.

Reductions in staffing through attrition and early retirement incentives have reduced labor costs. In 2011, the Water and Sewer Fund decreased staff by 10.5 positions. Increased technology and automation upgrades and labor contract changes, which encourage attendance and productivity, have allowed the water and sewer division to reduce staff while maintaining service and safety goals.

General Fund Budgetary Highlights

Township officials continue to budget conservatively. Declining property values have put a strain on the Township's primary revenue source - property taxes. State, county, and regional analysis indicates that property values will continue to decline through at least 2012 and remain stagnant in 2013.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Building activity in the Township is focused primarily on redevelopment, allowing limited growth in taxable values. Reduced construction activity is also reflected in reduced development-based fee revenue. Major revenue sources, including court fees and fines and recreation fees, have not been growing to keep up with inflation.

During 2011, the General Fund departments reduced staffing by 14.5 positions after reducing 11.5 in 2010. These reductions were accomplished primarily through retirements and attrition. Over roughly the last year, the Township overall, including public safety, reduced 59 positions.

Capital Asset and Debt Administration

There were very few additions in capital assets and older assets have been depreciated, resulting in an overall decline in governmental-type capital assets of \$1.1 million, net of depreciation.

In business-type activity, the Township added \$3.8 million in new capital assets. This number reflects the Township's continued investment in its over 350 miles of water and sewer mains, as well as numerous water and sewer pump stations.

The Township did not issue any debt for governmental activities in 2011.

New debt for 2011 was solely in the business-type activity funds. New debt of \$2.5 million was added to the Water and Sewer Fund for bonds issued for the Oakland-Macomb Sewer Interceptor.

The Township reduced its general obligation and tax-supported debt by \$1.4 million (12.5 percent of total) in fiscal year 2011. The Township maintains a very low amount of debt. The majority of the debt issued (\$7,885,000) is authorized by a vote of the people and supported by a dedicated debt retirement millage.

Declining property values may result in the need to increase the 0.5 mill police and fire debt millage in 2013. Although the millage rate may increase, the overall cost to the taxpayers should remain flat as the increased rate is offset by the lower taxable value.

Detailed information on the Township's debt can be found in the statistical section of this report, in the debt capacity and direct and overlapping debt schedules, and in Note 7. Detailed information on the Township's capital assets can be found in Note 4.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Economic Factors

There are several economic factors that challenge the Township. The collapse of the housing market starting in 2008 has resulted in dramatic declines in taxable values, which directly affects the Township's property tax collections. The housing market also impacts the demand for new construction which has resulted in a loss of building inspection and licensing fees. The bankruptcy of both General Motors and Chrysler has deeply impacted the job market and wages earned in the private sector. Unemployment is improving but is still high. Both unemployment and underemployment have resulted in reduced state income tax collections. Sales taxes, which are the source of state revenue sharing, are also flat as people are spending less on taxable goods.

The economy is seeing an uptick in late 2011 with unemployment declining and housing prices leveling off. Both sales and income taxes are increasing and should bolster state revenue. Property assessments will continue to decline as sales studies based on prior years result in a lag behind of the improving market.

State funding priorities continue to shift funding away from local governments in order to maintain state services, particularly in the area of public health and welfare programs.

The governor has eliminated statutory state revenue sharing and replaced it with an incentive-based program that funds local governments who initiate "best practices." The Economic Vitality Incentive Program (EVIP, for short) looks for municipalities to comply with metric and performance-based goals to receive their full allotment of statutory revenue sharing. The Township is expected to qualify, and plans to comply but reductions in revenue are still possible.

Health insurance costs continue to outpace inflation. Savings realized in prior years from employee concessions, including higher co-pays and deductibles, only provided temporary relief as increases have eclipsed all savings. Retiree health costs continue to consume a larger percentage of the Township's budget as the numbers of retirees grow and the number of active employees significantly contracts.

The Township recognizes this impending problem and will remain cautious and conservative in its budgeting practices. In September 2011, the State of Michigan passed Public Act 152; this act addresses healthcare expenses. The act permits three options for municipalities concerning contributions for employees' health care. The Township is planning to take the most fiscally conservative option. This election will compel employees to contribute more by way of higher deductibles and co-pays. Preliminary estimations indicate the Township will save over \$1 million once fully implemented with all employee groups.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

During 2010, the Township worked with the police command officers and patrol officers unions on concessions including increased employee contributions toward pension and retiree health benefits. These concessions were bargained along with retirement incentives. The dispatchers union took a pay cut effective January 1, 2011. The patrol officers union took concessions by way of paying more into their pensions and started an employee contribution into the Township's retiree health trust. As collective bargaining agreements expire in 2012, the Township expects to negotiate additional cost sharing for employee benefits. Cost reductions for non-union employees are also expected.

Contacting the Township's Management

This financial report is intended to provide citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Office of Fiscal and Human Resources at (248) 674-6252.

Charter Township of Waterford

Statement of Net Assets December 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 22,813,449	\$ 10,116,536	\$ 32,929,985	\$ 145,134
Receivables:				
Property taxes receivable	11,781,857	-	11,781,857	-
Receivables from sales to customers on account	-	6,310,282	6,310,282	-
Accrued interest receivable	-	73,960	73,960	-
Due from other governmental units	1,080,146	-	1,080,146	-
Rehabilitation revolving	1,432,908	-	1,432,908	-
Other	168,400	-	168,400	-
Special assessments receivable	380,690	820,323	1,201,013	-
Inventory	63,977	-	63,977	-
Prepaid items	48,173	14,694	62,867	-
Restricted assets (Note 1)	-	2,309,357	2,309,357	-
Capital assets (Note 4):				
Assets not subject to depreciation	27,326,820	9,786,293	37,113,113	-
Assets subject to depreciation	27,433,872	80,322,667	107,756,539	70,470
Total assets	92,530,292	109,754,112	202,284,404	215,604
Liabilities				
Accounts payable	582,734	1,831,724	2,414,458	321
Accrued liabilities and other	1,099,061	201,684	1,300,745	-
Unearned revenue (Note 6)	22,086,641	-	22,086,641	-
Noncurrent liabilities (Note 7):				
Due within one year	2,914,463	1,208,302	4,122,765	-
Due in more than one year	21,389,152	19,172,008	40,561,160	-
Total liabilities	48,072,051	22,413,718	70,485,769	321
Net Assets				
Invested in capital assets - Net of related debt	45,135,692	71,947,708	117,083,400	70,470
Restricted for:				
Police	1,043,083	-	1,043,083	-
Debt service	349,877	-	349,877	-
Bike path	136,417	-	136,417	-
Community development	1,487,480	-	1,487,480	-
Library	1,291,277	-	1,291,277	-
Weed control	181,231	-	181,231	-
Nature center	609,266	-	609,266	-
Retiree health care	272,157	-	272,157	-
Capital projects	-	2,206,903	2,206,903	-
Unrestricted (deficit)	(6,048,239)	13,185,783	7,137,544	144,813
Total net assets	\$ 44,458,241	\$ 87,340,394	\$ 131,798,635	\$ 215,283

The Notes to Financial Statements are an
Integral Part of this Statement.

Charter Township of Waterford

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,705,725	\$ 2,130,007	\$ 348,629	\$ -
District Court	2,419,633	1,302,460	-	-
Public safety:				
Fire and police	24,652,327	2,026,482	441,201	-
Building inspection	1,240,541	346,073	-	-
Public works	746,742	575,408	-	-
Community and economic development	2,188,419	79,046	926,517	-
Recreation and culture	4,897,241	1,268,767	69,071	-
Interest on long-term debt	302,836	-	-	-
Total governmental activities	43,153,464	7,728,243	1,785,418	-
Business-type activities - Enterprise Fund - Water and Sewer Fund	18,478,058	16,961,071	19,414	109,103
Total primary government	<u>\$ 61,631,522</u>	<u>\$ 24,689,314</u>	<u>\$ 1,804,832</u>	<u>\$ 109,103</u>
Component units:				
Economic Development Corporation	\$ 2,749	\$ 17,107	\$ -	\$ -
Waterford Youth Assistance Corporation	23,802	22,215	19,488	-
Veterans' Memorial Fund	2,180	15,592	-	-
Total component units	<u>\$ 28,731</u>	<u>\$ 54,914</u>	<u>\$ 19,488</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue (unrestricted)				
Investment income				
Cable franchise fees (unrestricted)				
Other miscellaneous income				
Gain on sale of fixed assets				
Total general revenue				
Change in Net Assets				
Net Assets - Beginning of year				
Net Assets - End of year				

Statement of Activities
Year Ended December 31, 2011

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (4,227,089)	\$ -	\$ (4,227,089)	\$ -
(1,117,173)	-	(1,117,173)	-
(22,184,644)	-	(22,184,644)	-
(894,468)	-	(894,468)	-
(171,334)	-	(171,334)	-
(1,182,856)	-	(1,182,856)	-
(3,559,403)	-	(3,559,403)	-
(302,836)	-	(302,836)	-
(33,639,803)	-	(33,639,803)	-
-	(1,388,470)	(1,388,470)	-
(33,639,803)	(1,388,470)	(35,028,273)	-
-	-	-	14,358
-	-	-	17,901
-	-	-	13,412
-	-	-	45,671
24,615,307	-	24,615,307	-
5,146,592	-	5,146,592	-
125,441	153,224	278,665	701
929,916	-	929,916	-
72,030	-	72,030	-
-	9,405	9,405	-
30,889,286	162,629	31,051,915	701
(2,750,517)	(1,225,841)	(3,976,358)	46,372
47,208,758	88,566,235	135,774,993	168,911
\$ 44,458,241	\$ 87,340,394	\$ 131,798,635	\$ 215,283

Charter Township of Waterford

Governmental Funds Balance Sheet December 31, 2011

	General Fund	Police Fund	Fire Fund	Nonmajor Governmental Funds	Total
Assets					
Cash and investments (Note 3)	\$ 6,599,550	\$ 4,761,289	\$ 3,286,607	\$ 8,069,408	\$ 22,716,854
Receivables:					
Property taxes receivable	4,213,354	3,224,390	2,826,715	1,517,398	11,781,857
Special assessments receivable	221,289	-	-	159,401	380,690
Due from other governmental units	968,576	-	-	111,570	1,080,146
Rehabilitation loan receivable	-	-	-	1,432,908	1,432,908
Other	168,400	-	-	-	168,400
Prepaid items	41,258	2,334	3,563	1,018	48,173
Total assets	\$ 12,212,427	\$ 7,988,013	\$ 6,116,885	\$ 11,291,703	\$ 37,609,028
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 145,219	\$ 335,532	\$ 40,493	\$ 58,682	\$ 579,926
Accrued liabilities and other	231,114	204,306	262,339	63,622	761,381
Deferred revenue (Note 6)	9,298,679	5,988,307	5,249,749	4,641,985	25,178,720
Total liabilities	9,675,012	6,528,145	5,552,581	4,764,289	26,520,027
Fund Balances					
Nonspendable - Prepays	41,258	2,334	3,563	1,018	48,173
Restricted:					
Police	-	-	-	1,043,083	1,043,083
Debt service	-	-	-	349,877	349,877
Bike path	-	-	-	136,417	136,417
Community development	-	-	-	54,572	54,572
Library	-	-	-	1,291,277	1,291,277
Weed control	-	-	-	181,231	181,231
Nature center	-	-	-	609,266	609,266
Retiree health care	-	-	-	272,157	272,157
Assigned:					
Subsequent year's budget	926,966	-	-	-	926,966
Workers' compensation	656,269	-	-	-	656,269
Cemetery care	120,749	-	-	-	120,749
Cable-related activities	-	-	-	357,941	357,941
Police	-	1,457,534	-	-	1,457,534
Fire	-	-	560,741	-	560,741
Community development	-	-	-	200,000	200,000
Capital projects	-	-	-	2,030,575	2,030,575
Unassigned	792,173	-	-	-	792,173
Total fund balances	2,537,415	1,459,868	564,304	6,527,414	11,089,001
Total liabilities and fund balances	\$ 12,212,427	\$ 7,988,013	\$ 6,116,885	\$ 11,291,703	\$ 37,609,028

The Notes to Financial Statements are an
Integral Part of this Statement.

Charter Township of Waterford

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets December 31, 2011

Fund Balance Reported in Governmental Funds	\$ 11,089,001
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	53,325,832
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	3,092,079
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(9,215,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(45,619)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(1,662,741)
Other postemployment benefit obligation is not reported in the governmental funds	(12,185,857)
Other long-term liabilities do not present a claim on current financial resources and are not reported as fund liabilities	(830,017)
Early retirement incentives do not present a claim on current financial resources and are not reported as fund liabilities	(290,000)
Internal service funds are included as part of governmental activities	<u>1,180,563</u>
Net Assets of Governmental Activities	<u>\$ 44,458,241</u>

Charter Township of Waterford

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2011

	General Fund	Police Fund	Fire Fund	Nonmajor Governmental Funds	Total
Revenue					
Property taxes	\$ 8,620,440	\$ 6,642,481	\$ 5,828,822	\$ 3,126,240	\$ 24,217,983
Licenses and permits	241,136	34,987	-	24,646	300,769
Federal grants	-	97,216	78,584	1,364,419	1,540,219
State-shared revenue and grants	5,263,066	54,208	-	232,794	5,550,068
Charges for services	2,192,740	48,412	1,550,566	102,664	3,894,382
Fines and forfeitures	1,403,522	59,841	-	122,969	1,586,332
Investment income	37,463	30,458	21,803	28,399	118,123
Special assessments	506,635	-	-	351,664	858,299
Other revenue:					
Local donations	-	-	-	34,853	34,853
Cable franchise fees	929,916	-	-	114,925	1,044,841
Other miscellaneous income	285,676	152,470	151,141	38,392	627,679
Total revenue	19,480,594	7,120,073	7,630,916	5,541,965	39,773,548
Expenditures					
Current:					
General government	5,203,048	-	-	1,088,056	6,291,104
District court	2,179,217	-	-	-	2,179,217
Public safety:					
Police	47,104	11,231,965	-	46,095	11,325,164
Fire	-	-	10,113,664	-	10,113,664
Building inspection	1,181,579	-	-	-	1,181,579
Public works	-	-	-	142,218	142,218
Community and economic development	1,208,182	-	-	41,364	1,249,546
Recreation and culture	1,835,444	-	-	2,302,739	4,138,183
Capital outlay	35,292	280,334	102,244	230,313	648,183
Debt service	175,255	-	-	1,102,371	1,277,626
Total expenditures	11,865,121	11,512,299	10,215,908	4,953,156	38,546,484
Excess of Revenue Over (Under) Expenditures	7,615,473	(4,392,226)	(2,584,992)	588,809	1,227,064
Other Financing Sources (Uses)					
Transfers in (Note 5)	-	4,800,000	2,650,000	-	7,450,000
Transfers out (Note 5)	(7,450,000)	-	-	-	(7,450,000)
Net Change in Fund Balances	165,473	407,774	65,008	588,809	1,227,064
Fund Balances - Beginning of year (as restated in Note 13)	2,371,942	1,052,094	499,296	5,938,605	9,861,937
Fund Balances - End of year	<u>\$ 2,537,415</u>	<u>\$ 1,459,868</u>	<u>\$ 564,304</u>	<u>\$ 6,527,414</u>	<u>\$ 11,089,001</u>

Charter Township of Waterford

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2011

Net Change in Fund Balances - Total Governmental Funds \$ 1,227,064

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	1,121,939
Depreciation expense	(1,954,385)

Proceeds from the sale of capital assets are reported as revenue in the governmental funds; the statement of activities records a gain or loss, included in general government expense	(21,420)
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Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	(412,090)
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Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	990,000
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Accrued interest is not due and payable in the current period and is not reported in the funds	3,650
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Decreases in accumulated employee sick and vacation pay, workers' compensation, and general liability expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	49,550
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Other postemployment benefit obligation expense is recognized in the statement of activities, but not in the governmental funds	(3,688,524)
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Internal service funds are included as part of governmental activities	<u>(66,301)</u>
--	-----------------

Change in Net Assets of Governmental Activities \$ (2,750,517)

Charter Township of Waterford

Proprietary Funds Statement of Net Assets December 31, 2011

	Enterprise Fund	Governmental Activities
	Water and Sewer Fund	Motor Pool Fund
Assets		
Current assets:		
Cash and investments (Note 3)	\$ 10,116,536	\$ 96,595
Receivables:		
Special assessments receivable	820,323	-
Receivables from sales to customers on account	6,310,282	-
Accrued interest receivable	73,960	-
Inventory	-	63,977
Prepaid items	14,694	-
Total current assets	17,335,795	160,572
Noncurrent assets:		
Restricted assets (Note 1)	2,309,357	-
Capital assets (Note 4):		
Assets not subject to depreciation	9,786,293	-
Assets subject to depreciation	80,322,667	1,434,860
Total noncurrent assets	92,418,317	1,434,860
Total assets	109,754,112	1,595,432
Liabilities		
Current liabilities:		
Accounts payable	1,831,724	2,808
Accrued liabilities and other	201,684	2,061
Current liabilities payable (Note 7)	1,208,302	265,000
Total current liabilities	3,241,710	269,869
Noncurrent liabilities:		
Other postemployment benefit obligation (Note 10)	1,847,380	-
Long-term debt - Net of current portion (Note 7)	17,324,628	145,000
Total noncurrent liabilities	19,172,008	145,000
Total liabilities	22,413,718	414,869
Net Assets		
Invested in capital assets - Net of related debt	71,947,708	1,024,860
Restricted for capital projects	2,206,903	-
Unrestricted	13,185,783	155,703
Total net assets	\$ 87,340,394	\$ 1,180,563

Charter Township of Waterford

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2011

	Enterprise Fund	Governmental Activities
	Water and Sewer Fund	Motor Pool Fund
Operating Revenue		
Sale of water	\$ 5,092,940	\$ -
Sewage disposal charges	11,588,492	-
Other sales to customers	25,940	-
Charges for services	253,699	294,318
Operating grants	19,414	-
Total operating revenue	16,980,485	294,318
Operating Expenses		
Cost of water	1,667,552	-
Cost of sewage treatment	7,010,894	-
Other operation and maintenance	708,744	-
Billing and administrative costs	5,272,625	17,736
Depreciation	3,438,847	323,752
Total operating expenses	18,098,662	341,488
Operating Loss	(1,118,177)	(47,170)
Nonoperating Revenue (Expenses)		
Investment income	153,224	630
Interest expense	(379,396)	(18,860)
Gain (loss) on sale of assets	9,405	(901)
Total nonoperating expenses	(216,767)	(19,131)
Loss - Before contributions	(1,334,944)	(66,301)
Capital Contributions - Tap-in fees, system burden fees, and other	109,103	-
Change in Net Assets	(1,225,841)	(66,301)
Net Assets - Beginning of year	88,566,235	1,246,864
Net Assets - End of year	\$ 87,340,394	\$ 1,180,563

Charter Township of Waterford

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2011

	Enterprise Fund	Internal Service Fund
	Water and Sewer Fund	Motor Pool Fund
Cash Flows from Operating Activities		
Receipts from customers	\$ 16,334,841	\$ 294,318
Receipts from interfund services and reimbursements	-	58,905
Payments to suppliers	(9,922,235)	(52,806)
Payments to employees	(4,134,656)	-
Other receipts	19,414	-
	2,297,364	300,417
Cash Flows from Capital and Related Financing Activities		
Special assessment collections	154,933	-
Benefit fees (for the purpose of defraying the cost of capital assets)	87,562	-
Proceeds from sales of capital assets	9,405	10,640
Purchase of capital assets	(1,094,196)	-
Principal and interest paid on capital debt	(1,173,609)	(411,480)
Payments to the County for future capital projects	(290,639)	-
	(2,306,544)	(400,840)
Cash Flows from Investing Activities		
Interest received on investments	129,284	630
Proceeds from sale and maturities of investment securities	461,098	-
	590,382	630
Net Increase (Decrease) in Cash and Cash Equivalents	581,202	(99,793)
Cash and Cash Equivalents - Beginning of year	84,857	196,388
Cash and Cash Equivalents - End of year	\$ 666,059	\$ 96,595
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and investments	\$ 10,116,536	\$ 96,595
Less amounts classified as investments	(9,450,477)	-
	\$ 666,059	\$ 96,595
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (1,118,177)	\$ (47,170)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	3,438,847	323,752
Changes in assets and liabilities:		
Receivables	(626,230)	-
Due from others	-	58,905
Inventories	-	2,324
Prepaid and other assets	9,535	-
Accounts payable	619,057	(37,394)
Accrued and other liabilities	(25,668)	-
	\$ 2,297,364	\$ 300,417

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2011, the Water and Sewer Fund received approximately \$21,500 of lines donated by developers. In addition, Oakland County constructed \$2.7 million of sewer lines for the Oakland-Macomb interceptor project, for which the Township incurred long-term debt of \$2.5 million. Approximately \$200,000 was constructed with previously unspent bond proceeds and approximately \$100,000 of unspent bond proceeds remain held by the County.

Charter Township of Waterford

Fiduciary Funds Statement of Fiduciary Net Assets December 31, 2011

	Pension and Other Postemployment Benefits	Agency Funds
Assets		
Cash and cash equivalents	\$ 3,665,334	\$ 2,148,490
Investments:		
U.S. government securities	6,570,088	-
Agency securities	12,830,212	-
Corporate bonds	13,068,320	-
Fixed-income funds	6,188,216	-
Stocks	54,228,922	-
Mutual funds	20,466,400	-
Real estate investment trusts	569,024	-
Pension manager short-term funds	9,066,589	-
Securities lending short-term collateral bank investment pool - Mutual funds	4,007,289	-
Receivables	-	5,900
Prepaid items	667,046	-
Accrued income	483,682	-
	131,811,122	\$ 2,154,390
Liabilities		
Accounts payable	4,514,545	\$ -
Due to other governmental units	-	1,277,414
Bonds and other deposits	-	788,060
Accrued liabilities and other	-	88,916
Obligations under securities lending agreements	4,138,771	-
	8,653,316	\$ 2,154,390
Net Assets Held in Trust for Pension and Other Employee Benefits	\$ 123,157,806	

Charter Township of Waterford

Fiduciary Funds Statement of Changes in Fiduciary Net Assets - Pension and Other Postemployment Benefits Year Ended December 31, 2011

Additions

Investment income:	
Interest and dividends	\$ 3,024,738
Net decrease in fair value of investments	<u>(1,490,250)</u>
Net investment income	1,534,488
Contributions:	
Employer	10,475,746
Employee	<u>598,894</u>
Total contributions	<u>11,074,640</u>
Total additions	12,609,128

Deductions

Benefit payments	14,087,318
Administrative expenses	<u>628,262</u>
Total deductions	<u>14,715,580</u>

Net Decrease in Net Assets Held in Trust (2,106,452)

Net Assets Held in Trust for Pension and Other Employee Benefits -
Beginning of year 125,264,258

Net Assets Held in Trust for Pension and Other Employee Benefits -
End of year \$ 123,157,806

Charter Township of Waterford

Component Units Statement of Net Assets December 31, 2011

	Economic Development Corporation	Waterford Youth Assistance Corporation	Veterans' Memorial Fund	Total
Assets				
Cash and cash equivalents	\$ 96,980	\$ 45,340	\$ 2,814	\$ 145,134
Capital assets subject to depreciation (Note 4)	-	-	70,470	70,470
Total assets	96,980	45,340	73,284	215,604
Liabilities - Accounts payable	120	201	-	321
Net Assets				
Invested in capital assets - Net of related debt	-	-	70,470	70,470
Unrestricted	96,860	45,139	2,814	144,813
Total net assets	<u>\$ 96,860</u>	<u>\$ 45,139</u>	<u>\$ 73,284</u>	<u>\$ 215,283</u>

Charter Township of Waterford

	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Economic Development Corporation - General government	\$ 2,749	\$ 17,107	\$ -	\$ -
Waterford Youth Assistance Corporation - Community and economic development	23,802	22,215	19,488	-
Veterans' Memorial Fund - General government	2,180	15,592	-	-
Total component units	<u>\$ 28,731</u>	<u>\$ 54,914</u>	<u>\$ 19,488</u>	<u>\$ -</u>

General revenue - Unrestricted investment income

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

**Component Units
Statement of Activities
Year Ended December 31, 2011**

Net (Expense) Revenue and Changes in Net Assets			
Economic Development Corporation	Waterford Youth Assistance Corporation	Veterans' Memorial Fund	Total
\$ 14,358	\$ -	\$ -	\$ 14,358
-	17,901	-	17,901
-	-	13,412	13,412
14,358	17,901	13,412	45,671
456	245	-	701
14,814	18,146	13,412	46,372
82,046	26,993	59,872	168,911
\$ 96,860	\$ 45,139	\$ 73,284	\$ 215,283

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 1 - Nature of Business and Significant Accounting Policies

The accounting policies of the Charter Township of Waterford, Michigan (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

Reporting Entity

The Charter Township of Waterford, Michigan is governed by an elected seven-member board of trustees. The Township's administration operates under the overall direction of an elected supervisor. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

The Charter Township of Waterford's Police and Fire Retirement System, the Charter Township of Waterford's Regular Employees' Retirement System, and Other Postemployment Benefit Trust Fund have been blended into the Township's financial statements. These systems are governed by a five-member pension board that includes the Township treasurer, two elected individuals chosen by the Township board, and two members of the retirement systems that are elected by the members of the systems. The systems are reported as if they were part of the primary government because of the fiduciary responsibility that the Township retains relative to the operations of each system. The operations of the Police and Fire Retirement System, the Regular Employees' Retirement System, and Other Postemployment Benefit Trust Fund are reported as Pension and Other Postemployment Benefit Trust Funds.

Discretely Presented Component Units - The following component units are reported within the component units column in the combined financial statements. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township. The component units do not issue separate financial statements.

- a. The Waterford Youth Assistance Corporation was created to mobilize community interest and forces toward youth and family adjustment and to aid in the prevention of juvenile delinquency and neglect. The Waterford Youth Assistance Corporation's governing body, which consists of four individuals, is selected by the General Citizens Council, which is appointed by the Township board. The Township also has the ability to impose its will on the component unit.

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note I - Nature of Business and Significant Accounting Policies (Continued)

- b. The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township so as to provide needed services and facilities of such enterprises to the residents of the Township. The Economic Development Corporation's governing body, which consists of 11 individuals, is selected by the supervisor and approved by the Township board. The Township also has the ability to impose its will on the component unit.
- c. The Veterans' Memorial Fund was created for the sole purpose of building and maintaining a memorial to all veterans who have served honorably in the military service of the United States. The Veterans' Memorial Fund's governing body, which consists of five individuals, is selected by the supervisor and approved by the Township board. The Township also has the ability to impose its will on the component unit.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township (primary government) and its discretely presented component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial 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.

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 Township considers revenue to be available if it is collected within 60 days of the end of the current fiscal period.

Private sector standards of accounting issued before December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to apply private sector standards issued after November 30, 1989 for its enterprise funds.

Property taxes, licenses, and interest are susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The Township reports the following major governmental funds:

- The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Police Fund accounts for the operations of the law enforcement activities of the Township. Funding is provided primarily through a local property tax levy and through transfers in from the General Fund.
- The Fire Fund accounts for the operations of the fire department of the Township. Funding is provided primarily through a local property tax levy and through transfers in from the General Fund.

The Township reports the following major proprietary fund:

- The Water and Sewer Fund accounts for the activity of the water distribution system and sewage collection system. Funding is provided primarily through user charges.

Additionally, the Township reports the following activities in its Internal Service Fund and fiduciary fund types:

- The Internal Service Fund is used to account for the financing of goods and services provided by one department to other departments of the Township on a cost reimbursement basis. The Township's Internal Service Fund - Motor Pool Fund has been established to account for costs associated with vehicles purchased by the Township and used by all departments within the Township.
- The pension and other postemployment benefit trust funds account for the activities of employee benefit plans that accumulate resources for pension and other postemployment benefit payments to qualified employees and are reported as fiduciary funds.
- The agency funds record primarily tax collections received and remitted to other units of government (the county, community college, school district, etc.), as well as building bonds and deposits, held for temporary periods. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement or results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When an expense is incurred for purposes for which both restricted and unrestricted net assets or fund balance are available, the Township's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the Township's policy to spend funds in this order: committed, assigned, and unassigned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. The principal operating revenue of the proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

Properties are assessed as of December 31. The related property taxes are billed and become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls.

The Township's 2010 tax is levied and collectible on December 1, 2010 and is recognized as revenue in the year ended December 31, 2011, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2010 taxable valuation of the Charter Township of Waterford totaled \$2.26 billion, on which ad valorem taxes levied consisted of 3.8478 mills for operating purposes, 3.00 mills for the police, 2.63 mills for the fire department, .9118 mills for the library, and .5000 mills for debt on the public safety building. This resulted in \$8.70 million for operating purposes, \$6.78 million for the police, \$5.95 million for the fire department, \$2.06 million for the library, and \$1.13 million for debt on the public safety building. These amounts are recognized in the respective General, Special Revenue, and Debt Service Funds financial statements as tax revenue.

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The delinquent real property taxes of the Township are purchased by Oakland County (the "County"). In approximately April or May, the County treasurer reimburses the local unit for delinquent real property taxes through the County Revolving Fund. If delinquent real taxes cannot be collected by the County, the local unit portion of the tax is invoiced or deducted from the monthly County settlement.

Assets, Liabilities, and Net Assets or Equity

Cash 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.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Prepaid Items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as they are consumed, rather than when purchased. These items are reported as prepaid items in both government-wide and fund financial statements.

Restricted Assets - The Township has \$2,206,903 on deposit at the County that is being held for certain projects of the Water and Sewer Fund. The Township has also been allocated \$102,454 of unspent bond proceeds also held by the County for the same projects of the Water and Sewer Fund.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 for personal property, \$10,000 for infrastructure, \$50,000 for building and improvements, \$75,000 for intangible assets, and no threshold for land, land improvements, telecommunications equipment, and library books with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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

Building and improvements	10-40 years
Infrastructure	40 years
Lines and laterals	75 years
Machinery and office equipment, vehicles, and other	3-15 years

Compensated Absences (Vacation and Sick Leave) - It is the Township's policy that employees earn sick and vacation pay benefits on their anniversary date and it must be used within one year. The government-wide and proprietary fund statements accrue all vacation and personal pay as it is earned, and sick pay as it is used or vested (whichever is earlier). A liability for these amounts is reported in governmental funds as it comes due for payment (when the time is taken off or employment terminates).

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Early retirement incentives payable to employees over more than one year do not present a claim on current financial resources and are reported only in the government-wide financial statements as an accrued and other liability.

Pension and Other Postemployment Benefit Costs - The Township offers both pension and retiree healthcare benefits to retirees. The Township receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Fund Equity - In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications - nonspendable, restricted, committed, assigned, and unassigned. The Township implemented GASB Statement No. 54 during the year.

In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the Township board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the board of trustees.
- **Assigned:** Intent to spend resources on specific purposes expressed by the Township board or its designee. Currently, the Township board has designated the budget director or assistant budget director to make assignments.
- **Unassigned:** Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Upcoming Reporting Changes

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity Omnibus*. This pronouncement, which is an amendment to Statement 14 and Statement 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the statement also clarifies the reporting of equity interests in legally separate organizations. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the Township's 2013 fiscal year.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued in December 2010. This statement incorporates into the GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB statements and interpretations, APB opinions, and accounting research bulletins of the AICPA Committee on Accounting Procedure. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the Township's 2012 fiscal year.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement will be effective for the Township's 2012 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level.

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. GASB Statement No. 65 will be implemented for the Township as of fiscal year 2013.

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall - January 1, 2011	\$ (3,954,164)
Current year building permit revenue	238,377
Construction code expenses - Related expenses - Direct costs	<u>880,202</u>
Current year shortfall	<u>(641,825)</u>
Cumulative shortfall - December 31, 2011	<u>\$ (4,595,989)</u>

Note 3 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

	Governmental Activities	Business-type Activities	Government- wide Activities	Fiduciary Funds	Total Primary Government	Component Units
Cash and investments	<u>\$ 22,813,449</u>	<u>\$ 10,116,536</u>	<u>\$ 32,929,985</u>	<u>\$ 132,808,885</u>	<u>\$ 165,738,870</u>	<u>\$ 145,134</u>

These amounts are classified into the following deposits and investment categories:

	Primary Government	Component Units
Deposits with financial institutions	\$ 24,108,756	\$ 145,134
Investments:		
Equity securities or funds	74,695,322	-
Debt securities or funds	53,291,890	-
Short-term funds (2a7-like)	4,007,289	-
Real estate and other	<u>9,635,613</u>	<u>-</u>
Total	<u>\$ 165,738,870</u>	<u>\$ 145,134</u>

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 3 - Deposits and Investments (Continued)

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

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

The Township has designated 11 banks for the deposit of its funds. The investment policy adopted by the board (for nonpension assets) in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the Township's Police and Fire Retirement System and Regular Employees' Retirement System (the "Retirement Systems") lend securities to banks for collateral that will be returned for the same securities in the future. The Retirement Systems' custodial bank manages the securities lending program and receives cash as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities. During the year ended December 31, 2011, only United States currency was received as collateral.

The Retirement Systems did not impose any restrictions during the fiscal year on the amount of loans made on their behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 3 - Deposits and Investments (Continued)

The Township's Retirement Systems and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of such investment pools as of December 31, 2011 did not generally match the duration of the investments made with cash collateral. On December 31, 2011, the Retirement Systems had no credit risk exposure to borrowers. The collateral held and the fair market value of the underlying securities on loan for the Retirement Systems as of December 31, 2011 were \$2,621,334 and \$2,618,565, respectively, for the Police and Fire Retirement System and \$1,385,955 and \$1,409,424, respectively, for the Regular Employees' Retirement System. A portion of the cash collateral received on each loan was invested, together with the cash collateral of other lenders, in a pool. The remaining collateral was invested in assets held by each system. The remaining investments held in the pool and the other investments of collateral consist of a floating rate note rated "D" by S&P and mutual funds with an S&P rating of AAAM.

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$18,807,543 in bank deposits (certificates of deposit, checking, and savings accounts). Of that amount, \$14,865,833 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 3 - Deposits and Investments (Continued)

At year end, the Township had the following investments and maturities:

Primary Government	Fair Value	Less than 1	1-5	6-10	More than 10
		Year	Years	Years	Years
Mortgage-backed securities	\$ 3,678,528	\$ 997,540	\$ 2,680,988	\$ -	\$ -
Fixed-income pool	10,956,905	-	10,956,905	-	-
Total	\$ 14,635,433	\$ 997,540	\$ 13,637,893	\$ -	\$ -

Fiduciary Funds	Fair Value	Less than 1	1-5	6-10	More than 10
		year	Years	Years	Years
Corporate asset-backed	\$ 666,545	\$ -	\$ 432,988	\$ 148,069	\$ 85,488
Corporate bonds	10,834,326	746,135	3,748,791	3,577,335	2,762,065
Corporate collateralized mortgage obligation	2,717,095	-	-	85,973	2,631,122
Foreign bonds	1,345,915	-	678,590	158,052	509,273
Foreign government bonds	888,078	-	-	888,078	-
U.S. government securities	16,016,652	650,721	1,655,743	1,889,915	11,820,273
Total	\$ 32,468,611	\$ 1,396,856	\$ 6,516,112	\$ 6,747,422	\$ 17,808,221

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

Investment	Fair Value	Rating	Rating Organization
Primary Government			
	\$ 2,318,673	AAA	S&P
	1,601,008	AA+	S&P
	2,434,386	Aaa	Moody's
	<u>10,956,905</u>	Not rated	-
Total	\$ 17,310,972		
Fiduciary Funds			
	\$ 1,123,000	AAA	S&P
	1,615,296	AA	S&P
	5,437,656	A	S&P
	5,081,217	BBB	S&P
	1,743,938	BB	S&P
	946,325	B	S&P
	<u>16,521,179</u>	Not rated	-
Total	\$ 32,468,611		

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 3 - Deposits and Investments (Continued)

Concentration of Credit Risk - The Township places no limit on the amount it may invest in any one issuer. More than 5 percent of the primary government's cash and investments are in Oakland County (30.34 percent) and Fifth Third Institutional Money Market Fund (5.85 percent). More than 5 percent of the Township's fiduciary investments are in Comerica (combined 7.06 percent between the two retirement systems).

Note 4 - Capital Assets

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

	Balance January 1, 2011	Reclassifications	Additions	Disposals	Balance December 31, 2011
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 27,111,094	\$ -	\$ -	\$ -	\$ 27,111,094
Construction in progress	140,270	(111,740)	187,196	-	215,726
Subtotal	27,251,364	(111,740)	187,196	-	27,326,820
Capital assets being depreciated:					
Infrastructure	12,983,278	65,724	110,047	-	13,159,049
Buildings and improvements	30,597,496	-	33,620	-	30,631,116
Machinery and office equipment, vehicles, and other	25,538,829	46,016	791,076	(215,422)	26,160,499
Subtotal	69,119,603	111,740	934,743	(215,422)	69,950,664
Accumulated depreciation:					
Infrastructure	10,481,611	-	351,598	-	10,833,209
Buildings and improvements	10,444,291	-	691,521	-	11,135,812
Machinery and office equipment, vehicles, and other	19,495,215	-	1,254,302	(201,746)	20,547,771
Subtotal	40,421,117	-	2,297,421	(201,746)	42,516,792
Net capital assets being depreciated	28,698,486	111,740	(1,362,678)	(13,676)	27,433,872
Net governmental activities capital assets	\$ 55,949,850	\$ -	\$ (1,175,482)	\$ (13,676)	\$ 54,760,692

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 4 - Capital Assets (Continued)

	Balance January 1, 2011	Additions	Disposals	Balance December 31, 2011
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 3,455,491	\$ -	\$ -	\$ 3,455,491
Construction in progress	3,506,315	2,824,487	-	6,330,802
Subtotal	6,961,806	2,824,487	-	9,786,293
Capital assets being depreciated:				
Lines and laterals	104,703,797	873,239	-	105,577,036
Buildings and improvements	25,174,070	-	-	25,174,070
Machinery and office equipment, vehicles, and other	7,369,119	143,073	-	7,512,192
Subtotal	137,246,986	1,016,312	-	138,263,298
Accumulated depreciation:				
Lines and laterals	40,064,285	2,616,535	-	42,680,820
Buildings and improvements	8,664,266	558,215	-	9,222,481
Machinery and office equipment, vehicles, and other	5,773,233	264,097	-	6,037,330
Subtotal	54,501,784	3,438,847	-	57,940,631
Net capital assets being depreciated	82,745,202	(2,422,535)	-	80,322,667
Net business-type capital assets	\$ 89,707,008	\$ 401,952	\$ -	\$ 90,108,960

During the year, the Veterans' Memorial Fund, a discretely presented component unit of the Township, reclassified \$54,085 from construction in progress to depreciable memorial. Additions to the memorial were \$18,565. Total memorial costs were \$72,650. During the year, depreciation expense of \$2,180 was recorded. Net memorial being depreciated is \$70,470 as of December 31, 2011.

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

Governmental activities:	
General government	\$ 991,530
Public safety	841,923
District Court	55,483
Recreation and culture	408,485
Total governmental activities	\$ 2,297,421
Business-type activities - Water and sewer	\$ 3,438,847

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 4 - Capital Assets (Continued)

Construction Commitments - The Township had the following active construction projects at December 31, 2011:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Lighting and Boiler Project	\$ 144,946	\$ 5,000
Windmill Pond Road Project	-	468,906
Total	<u>\$ 144,946</u>	<u>\$ 473,906</u>

Additionally, the Township continues to participate in the Oakland-Macomb Interceptor Drain project. The Township was tentatively advised that its total assessment for the project would be \$8.6 million. To date, the Township has incurred \$4.1 million of debt related to the project.

Note 5 - Interfund Receivables, Payables, and Transfers

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

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
General Fund	Fire Fund	\$ 2,650,000
	Police Fund	4,800,000
	Total General Fund	<u>\$ 7,450,000</u>

The transfers from the General Fund to the Fire Fund and the Police Fund represent transfers of unrestricted resources to finance operations of the fire and police departments in accordance with budgetary authorizations.

Note 6 - Deferred Revenue

Statement of Net Assets - On the statement of net assets, the deferred revenue in the governmental activities represents property taxes levied on December 1, 2011, but recognized as revenue in the year ending December 31, 2012, when the proceeds of the levy are budgeted and available for financing operations.

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 6 - Deferred Revenue (Continued)

Governmental Funds Balance Sheet - Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Governmental Funds		
	Unavailable	Unearned	Total
Property taxes	\$ 77,752	\$ 21,736,756	\$ 21,814,508
Special assessments and other	3,014,327	349,885	3,364,212
Total	<u>\$ 3,092,079</u>	<u>\$ 22,086,641</u>	<u>\$ 25,178,720</u>

Note 7 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the Township) are received.

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 7 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Interest Rate Range	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General Obligation Unlimited Tax Bond:							
Refunding Bonds - Series 2009:							
Amount of issue - \$9,600,000	2.00% -	\$860,000 -					
Maturing through 2018	3.50%	\$1,360,000	\$ 8,745,000	\$ -	\$ 860,000	\$ 7,885,000	\$ 915,000
Capital Improvement Bonds - Series 2005-B:							
Amount of issue - \$2,000,000	3.50% -	\$120,000 -					
Maturing through 2020	4.00%	\$175,000	1,450,000	-	120,000	1,330,000	125,000
Capital Improvement Bonds - Series 2007-A:							
Amount of issue - \$490,000							
Maturing through 2011	4.00%	\$125,000	125,000	-	125,000	-	-
Capital Improvement Bonds - Series 2008:							
Amount of issue - \$475,000							
Maturing through 2012	3.50%	\$120,000	240,000	-	120,000	120,000	120,000
Capital Improvement Bonds - Series 2009:							
Amount of issue - \$575,000							
Maturing through 2013	3.375%	\$145,000	435,000	-	145,000	290,000	145,000
Lapham Road Special Assessment Bonds - 2001:							
Amount of issue - \$88,000	4.50% -						
Maturing through 2011	6.75%	\$10,000	10,000	-	10,000	-	-
Total bonds payable			11,005,000	-	1,380,000	9,625,000	1,305,000
Other long-term liabilities:							
Employee compensated absences			1,678,359	1,323,938	1,339,556	1,662,741	1,327,091
Estimated liability for workers' compensation claims (Note 12)			661,767	221,764	171,522	712,009	164,364
Estimated liability for general liability claims (Note 12)			202,182	1,648,782	1,732,956	118,008	118,008
Other postemployment benefit obligations (Note 10)			8,497,333	3,688,524	-	12,185,857	-
Total governmental activities			\$ 22,044,641	\$ 6,883,008	\$ 4,624,034	\$ 24,303,615	\$ 2,914,463
Business-type Activities							
County contract obligations:							
Cap. Improvement Bond - Series 2003:							
Amount of issue - \$5,000,000	2.00% -	\$220,000 -					
Maturing through 2023	4.50%	\$365,000	\$ 3,695,000	\$ -	\$ 220,000	\$ 3,475,000	\$ 230,000
Sewer Relief Fund - Series 2007-B:							
Amount of issue - \$3,745,000							
Maturing through 2027	1.625%	\$160,000 -	3,068,654	-	186,261	2,882,393	160,000
Drinking Water Relief Fund - Series 2007-C:							
Amount of issue - \$8,905,000							
Maturing through 2028	2.125%	\$375,000 -	8,138,831	-	375,000	7,763,831	385,000
Oakland-Macomb Sewer Interceptor, Series 2010A:							
Amount of issue - \$3,510,038							
Maturing through 2030	2.50%		725,275	2,540,909	-	3,266,184	136,762
Oakland-Macomb Sewer Interceptor, Series 2010B:							
Amount of issue - \$901,874	1.15% -						
Maturing through 2030	5.90%		901,874	-	25,576	876,298	30,287
Total bonds payable			16,529,634	2,540,909	806,837	18,263,706	942,049
Employee compensated absences			289,842	266,025	286,643	269,224	266,253
Other postemployment benefit obligations (Note 10)			1,280,547	566,833	-	1,847,380	-
Total business-type activities			18,100,023	3,373,767	1,093,480	20,380,310	1,208,302
Total business-type and governmental activities			\$ 40,144,664	\$ 10,256,775	\$ 5,717,514	\$ 44,683,925	\$ 4,122,765

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 7 - Long-term Debt (Continued)

For the governmental activities, claims and judgments, compensated absences, and net other postemployment benefit obligations are generally liquidated by the General, Police, Fire, and Library Funds related to employee salaries and fringes. Additionally, for the business-type activities, claims and judgments and compensated absences are generally liquidated by the Water and Sewer Fund for employee salaries and fringes.

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

Years Ending December 31	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 1,305,000	\$ 273,973	\$ 1,578,973	\$ 942,049	\$ 472,533	\$ 1,414,582
2013	1,240,000	242,628	1,482,628	961,625	448,698	1,410,323
2014	1,175,000	212,815	1,387,815	986,336	424,985	1,411,321
2015	1,265,000	179,615	1,444,615	1,016,048	400,136	1,416,184
2016	1,345,000	139,200	1,484,200	1,041,432	374,074	1,415,506
2017-2021	3,295,000	159,000	3,454,000	5,670,617	1,434,491	7,105,108
2022-2026	-	-	-	5,331,185	632,848	5,964,033
2027-2031	-	-	-	2,314,414	98,137	2,412,551
Total	\$ 9,625,000	\$ 1,207,231	\$ 10,832,231	\$ 18,263,706	\$ 4,285,902	\$ 22,549,608

Note 8 - Pension Plan - Police and Fire Retirement System

Plan Description - The Police and Fire Retirement System is a single-employer defined benefit pension plan that is administered by the Township. The plan covers all full-time police and fire employees of the Township. The system provides retirement, disability, and death benefits. At December 31, 2010, the date of the most recent actuarial valuation, membership consisted of 112 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 117 current active employees. The plan does not issue a separate financial report.

Contributions - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units and requires a contribution from the employees of 5 percent of gross wages. The funding policy provides for periodic employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment earnings.

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 8 - Pension Plan - Police and Fire Retirement System (Continued)

Annual Pension Cost - For the year ended December 31, 2011, the Township's annual pension cost of \$3,227,187 for the plan was equal to the Township's required and actual contribution.

	Fiscal Year Ended December 31		
	2011	2010	2009
Annual pension cost (APC)	\$ 3,227,187	\$ 3,416,401	\$ 3,451,506
Percentage of APC contributed	100 %	100 %	100 %

Funding Status and Funding Progress - As of December 31, 2010, the most recent actuarial valuation date, the plan was 72.2 percent funded. The actuarial accrued liability for benefits was \$94.4 million and the actuarial value of assets was \$68.2 million, resulting in an unfunded actuarial accrued liability of \$26.2 million. The covered payroll (annual payroll to active employees covered by the plan) was \$9.0 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 291.1 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at December 31, 2010 using the entry actual age cost method. Significant actuarial assumptions used include a 7.0 percent investment rate of return, and projected salary increases ranging from 4.1 percent to 11.9 percent. The projected salary increases include an inflation factor of 4.0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll contributions on a closed basis. The remaining amortization period is 21 years.

Reserves - As of December 31, 2010, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 16,199,338
Reserve for employer contributions	10,129,508
Reserve for retired benefit payments	43,208,307

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 9 - Pension Plan - Regular Employees' Retirement System

Plan Description - The Regular Employees' Retirement System is a single-employer defined benefit pension plan that is administered by the Township; this plan covers all full-time Township employees. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. At December 31, 2010, the date of the most recent actuarial valuation, membership consisted of 131 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 137 current active employees. The plan does not issue a separate financial report.

Contributions - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units and allows contributions from employees in order to purchase credit for military time. The funding policy provides for periodic employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment earnings.

Annual Pension Cost - For the year ended December 31, 2011, the Township's annual pension cost of \$2,011,374 for the plan was equal to the Township's required and actual contribution.

	Fiscal Year Ended December 31		
	2011	2010	2009
Annual pension cost (APC)	\$ 2,011,374	\$ 2,208,556	\$ 2,204,481
Percentage of APC contributed	100 %	100 %	100 %

Funding Status and Funding Progress - As of December 31, 2010, the most recent actuarial valuation date, the plan was 83.9 percent funded. The actuarial accrued liability for benefits was \$56.5 million and the actuarial value of assets was \$47.4 million, resulting in an unfunded actuarial accrued liability of \$9.1 million. The covered payroll (annual payroll to active employees covered by the plan) was \$7.0 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 130.0 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 9 - Pension Plan - Regular Employees' Retirement System (Continued)

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at December 31, 2010, using the entry actual age cost method. Significant actuarial assumptions used include a 7.0 percent investment rate of return and projected salary increases of 4.5 percent to 7.7 percent per year. The projected salary increase includes an inflation factor of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll contributions on a closed basis. The remaining amortization period is 23 years.

Reserves - As of December 31, 2011, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 2,173,838
Reserve for employer contributions	21,325,868
Reserve for retired benefit payments	23,642,877

Note 10 - Other Postemployment Benefits

Plan Description - The Township provides retiree healthcare benefits to all full-time employees upon retirement or to individuals receiving system disability pensions, in accordance with various labor contracts. Currently, the plan has 547 members.

This is a single-employer defined benefit plan administered by the Township. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions. The Township includes pre-Medicare retirees and their dependents in its insured healthcare plan, with no contribution required by the participant. The Township purchases Medicare supplemental insurance for retirees eligible for Medicare.

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's collective bargaining units. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). However, as shown below, the Township has made contributions to advance-fund these benefits, as determined by the Township's board through annual budget resolutions. The costs of administering the plan are borne by the Retiree Health Care Fund. Currently, the retirees are not required to contribute.

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 10 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended December 31, 2010, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2010. The valuation computes an annual required contribution which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 9,354,307
Interest on the prior year's net OPEB obligation	488,894
Less adjustment to the annual required contribution	<u>(350,659)</u>
Annual OPEB cost	9,492,542
Amounts contributed:	
Payments of current premiums	(5,207,335)
Advance funding	<u>(29,850)</u>
Increase in net OPEB obligation	4,255,357
OPEB obligation - Beginning of year	<u>9,777,880</u>
OPEB obligation - End of year	<u><u>\$ 14,033,237</u></u>

Employer contributions and annual OPEB cost data for the current and preceding year are as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution*	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
12/31/08	12/31/06	\$ 9,552,379	\$ 9,552,379	97.2	\$ 267,814
12/31/09	12/31/08	8,525,832	8,529,618	56.5	5,085,245
12/31/10	12/31/08	8,909,087	8,980,980	47.7	9,777,880
12/31/11	12/31/10	9,354,307	9,492,542	56.0	14,033,237

* The required contribution is expressed to the Township as a percentage of payroll.

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/06	\$ -	\$ 115,524,179	\$ 115,524,179	-	\$ 20,868,379	553.6
12/31/08	5,020,381	130,048,876	125,028,495	3.9	20,631,114	606.0
12/31/10	6,300,318	157,696,179	151,395,861	4.0	18,023,338	840.0

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 10 - Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, projected salary increase rates ranging from 4.5 percent to 12.4 percent, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Neither rate includes an inflation assumption. The actuarial value of assets was determined based on the market value of investments as of the date of the valuation. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2010 is 30 years.

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 11 - Pension and Other Postemployment Benefit Trust Funds

The following are condensed financial statements for the individual pension plans and postemployment healthcare plans:

	Police and Fire Pension	Regular Employees' Pension	Other Postemployment Benefits	Total
<u>Statement of Net Assets</u>				
Cash and investments	\$ 75,019,534	\$ 49,162,790	\$ 6,478,071	\$ 130,660,395
Other assets	639,064	511,664	-	1,150,728
Liabilities	(6,121,445)	(2,531,871)	-	(8,653,316)
Net assets	<u>\$ 69,537,153</u>	<u>\$ 47,142,583</u>	<u>\$ 6,478,071</u>	<u>\$ 123,157,807</u>
<u>Statement of Changes in Net Assets</u>				
Investment gain	\$ 1,660,230	\$ (246,570)	\$ 120,828	\$ 1,534,488
Contributions	3,699,786	2,082,801	5,292,053	11,074,640
Benefit payments	(6,078,947)	(2,801,036)	(5,207,335)	(14,087,318)
Other deductions	(298,132)	(302,337)	(27,793)	(628,262)
Net change in net assets	<u>\$ (1,017,063)</u>	<u>\$ (1,267,142)</u>	<u>\$ 177,753</u>	<u>\$ (2,106,452)</u>

Note 12 - Risk Management

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

The Michigan Municipal Risk Management Authority (MMRMA) risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the MMRMA and the MMRMA uses those premiums to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 12 - Risk Management (Continued)

The Township estimates the liability for general liability, workers' compensation, and medical claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	General Liability		Workers' Compensation		Medical Claims
	2011	2010	2011	2010	2011
Estimated liability - Beginning of year	\$ 202,182	\$ 254,696	\$ 661,767	\$ 754,303	\$ -
Estimated claims incurred, including changes in estimates	1,648,782	1,636,443	221,764	49,565	3,078,995
Claim payments	<u>(1,732,956)</u>	<u>(1,688,957)</u>	<u>(171,522)</u>	<u>(142,101)</u>	<u>(3,078,995)</u>
Estimated liability - End of year	<u>\$ 118,008</u>	<u>\$ 202,182</u>	<u>\$ 712,009</u>	<u>\$ 661,767</u>	<u>\$ -</u>
Estimated current portion	\$ 118,008	\$ 202,182	\$ 164,364	\$ 198,067	
Estimated long-term portion	-	-	547,645	463,700	
Total estimated liability	<u>\$ 118,008</u>	<u>\$ 202,182</u>	<u>\$ 712,009</u>	<u>\$ 661,767</u>	

Note 13 - Accounting and Reporting Change

During the year, the Township adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. In order to conform the classifications of the funds to the appropriate fund types under these new definitions, beginning fund balance was restated as follows:

	General Fund	Workers' Compensation	Cemetery Care
Fund balance - December 31, 2010 - As previously reported	\$ 1,612,772	\$ 645,275	\$ 113,895
Reclassifications under GASB No. 54	<u>759,170</u>	<u>(645,275)</u>	<u>(113,895)</u>
Fund balance - December 31, 2010 - As restated	<u>\$ 2,371,942</u>	<u>\$ -</u>	<u>\$ -</u>

Charter Township of Waterford

Notes to Financial Statements December 31, 2011

Note 14 - Subsequent Events

Beginning February 1, 2012, the Township entered into an agreement with the City of Pontiac to provide fire suppression services within the city boundaries for approximately \$6.2 million per year. In addition, the Township hired 43 additional firefighters to enable it to provide this service.

In May 2012, the Township issued 2012 Limited Tax General Obligation Refunding Bonds in the amount of \$4,265,000. The Township used the proceeds to defease the Business-type Activities Capital Improvement Bond - Series 2003 and the Governmental Activities Capital Improvement Bonds - Series 2005-B.

Required Supplemental Information

Charter Township of Waterford

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 8,872,046	\$ 8,696,547	\$ 8,620,440	\$ (76,107)
Licenses and permits	419,300	419,300	241,136	(178,164)
State-shared revenue and grants	5,119,881	5,136,881	5,263,066	126,185
Charges for services	2,289,067	2,365,892	2,186,540	(179,352)
Fines and forfeitures	1,811,000	1,661,000	1,403,522	(257,478)
Investment income	160,000	160,000	25,165	(134,835)
Special assessments	499,000	499,000	506,635	7,635
Other revenue:				
Cable franchise fees	800,000	800,000	929,916	129,916
Other miscellaneous income	293,200	293,200	285,676	(7,524)
Total revenue	20,263,494	20,031,820	19,462,096	(569,724)
Expenditures				
Current:				
General government:				
Township board	50,234	50,234	49,973	261
Supervisor and assessing	776,886	770,623	700,017	70,606
Elections	2,750	2,750	3,595	(845)
Personnel	241,224	243,278	258,146	(14,868)
Information services	420,000	406,575	355,277	51,298
Treasurer	551,427	557,457	536,981	20,476
General services	1,506,600	1,508,928	1,449,567	59,361
Clerk	578,809	577,497	520,548	56,949
Retiree benefits	1,480,054	1,480,054	1,205,510	274,544
Facilities and operations	122,784	122,784	122,784	-
Total general government	5,730,768	5,720,180	5,202,398	517,782
District court	2,383,518	2,343,190	2,179,217	163,973
Public safety	1,253,944	1,268,688	1,228,683	40,005
Planning department	1,261,737	1,280,650	1,208,182	72,468
Parks and recreation	1,899,991	1,933,426	1,835,444	97,982
Capital outlay	7,900	35,932	35,292	640
Debt service	175,255	175,255	175,255	-
Total expenditures	12,713,113	12,757,321	11,864,471	892,850
Excess of Revenue Over Expenditures	7,550,381	7,274,499	7,597,625	323,126
Other Financing Uses - Transfers out	(8,275,000)	(7,525,000)	(7,450,000)	75,000
Net Change in Fund Balance	(724,619)	(250,501)	147,625	398,126
Fund Balance - Beginning of year	1,612,772	1,612,772	1,612,772	-
Fund Balance - End of year	<u>\$ 888,153</u>	<u>\$ 1,362,271</u>	<u>\$ 1,760,397</u>	<u>\$ 398,126</u>

Charter Township of Waterford

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Police Fund Year Ended December 31, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 6,774,600	\$ 6,641,504	\$ 6,642,481	\$ 977
Licenses and permits	35,000	35,000	34,987	(13)
Federal grants	97,200	299,410	97,216	(202,194)
State-shared revenue and grants	63,252	63,252	54,208	(9,044)
Charges for services	50,000	50,000	48,412	(1,588)
Fines and forfeitures	72,500	72,500	59,841	(12,659)
Investment income	30,000	30,000	30,458	458
Other revenue	285,000	341,953	152,470	(189,483)
Total revenue	7,407,552	7,533,619	7,120,073	(413,546)
Expenditures				
Current - Public safety	12,927,727	11,789,700	11,231,965	557,735
Capital outlay	260,500	603,755	280,334	323,421
Total expenditures	13,188,227	12,393,455	11,512,299	881,156
Excess of Expenditures Over Revenue	(5,780,675)	(4,859,836)	(4,392,226)	467,610
Other Financing Sources - Transfers in	5,800,000	4,800,000	4,800,000	-
Net Change in Fund Balance	19,325	(59,836)	407,774	467,610
Fund Balance - Beginning of year	1,052,094	1,052,094	1,052,094	-
Fund Balance - End of year	<u>\$ 1,071,419</u>	<u>\$ 992,258</u>	<u>\$ 1,459,868</u>	<u>\$ 467,610</u>

Charter Township of Waterford

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Fire Fund Year Ended December 31, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 5,938,000	\$ 5,823,073	\$ 5,828,822	\$ 5,749
Federal grants	-	40,000	78,584	38,584
Charges for services	1,582,167	1,582,167	1,550,566	(31,601)
Investment income	40,000	40,000	21,803	(18,197)
Other revenue	138,600	138,600	151,141	12,541
Total revenue	7,698,767	7,623,840	7,630,916	7,076
Expenditures				
Current - Public safety	10,197,149	10,397,396	10,113,664	283,732
Capital outlay	14,400	54,400	102,244	(47,844)
Total expenditures	10,211,549	10,451,796	10,215,908	235,888
Excess of Expenditures Over Revenue	(2,512,782)	(2,827,956)	(2,584,992)	242,964
Other Financing Sources - Transfers in	2,400,000	2,650,000	2,650,000	-
Net Change in Fund Balance	(112,782)	(177,956)	65,008	242,964
Fund Balance - Beginning of year	499,296	499,296	499,296	-
Fund Balance - End of year	<u>\$ 386,514</u>	<u>\$ 321,340</u>	<u>\$ 564,304</u>	<u>\$ 242,964</u>

Charter Township of Waterford

Required Supplemental Information Pension System Schedule - Police and Fire Retirement System Year Ended December 31, 2011

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/05	\$ 55,400,000	\$ 75,100,000	\$ 19,700,000	73.8	\$ 10,150,000	194.1
12/31/06	61,200,000	78,600,000	17,400,000	77.9	9,900,000	175.8
12/31/07	66,900,000	83,200,000	16,300,000	80.4	10,300,000	158.3
12/31/08	60,400,000	87,300,000	26,900,000	69.2	10,900,000	246.8
12/31/09	64,200,000	89,500,000	25,300,000	71.8	11,000,000	230.0
12/31/10	68,200,000	94,400,000	26,200,000	72.2	9,000,000	291.1

The schedule of employer contributions is as follows:

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
12/31/06	\$ 2,968,691	100.0
12/31/07	2,775,163	100.0
12/31/08	2,638,538	100.0
12/31/09	3,451,506	100.0
12/31/10	3,416,401	100.0
12/31/11	3,227,187	100.0

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2010, the latest actuarial valuation date, follows:

Actuarial cost method	Entry age
Amortization method	Closed level percentage of payroll
Amortization period (perpetual)	21 years
Asset valuation method	Four-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.0%
Projected salary increases*	4.1%-11.9%
*Includes inflation at	4.0%

Charter Township of Waterford

Required Supplemental Information Pension System Schedule - Regular Employees' Retirement System Year Ended December 31, 2011

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/05	\$ 43,300,000	\$ 46,300,000	\$ 3,000,000	93.5	\$ 8,100,000	37.0
12/31/06	47,000,000	48,200,000	1,200,000	97.5	8,100,000	14.8
12/31/07	50,800,000	50,800,000	-	100.0	8,300,000	-
12/31/08	44,100,000	53,400,000	9,300,000	82.6	8,300,000	112.0
12/31/09	45,400,000	55,000,000	9,600,000	82.5	8,100,000	118.5
12/31/10	47,400,000	56,500,000	9,100,000	83.9	7,000,000	130.0

The schedule of employer contributions is as follows:

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
12/31/06	\$ 1,574,175	100.0
12/31/07	1,475,885	100.0
12/31/08	1,402,952	100.0
12/31/09	2,204,481	100.0
12/31/10	2,208,556	100.0
12/31/11	2,011,374	100.0

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2010, the latest actuarial valuation date, follows:

Actuarial cost method	Entry age
Amortization method	Closed level percentage of payroll
Amortization period (perpetual)	23 years
Asset valuation method	Four-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.0%
Projected salary increases*	4.5%-7.7%
*Includes inflation at	4.5%

Charter Township of Waterford

Note to Required Supplemental Information Year Ended December 31, 2011

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds, except that operating transfers and debt proceeds have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)." All annual appropriations lapse at fiscal year end; encumbrances are not included as expenditures. During the year, the budget was amended in a legally permissible manner.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before September 1, the office of fiscal and human resources director and the Township supervisor prepare a proposed operating budget for the fiscal year commencing January 1 and submit it to the board. The budget must be adopted through a passage of a budget resolution no later than November 1.
2. Public hearings are conducted to obtain citizen comments.
3. The legislative budget is adopted by fund on a departmental basis. Line item detail is provided as a general guideline. Throughout the year, the board receives requests to amend the activity budget. All amendments must be approved by a vote of the Township board. Changes in line items within an activity may be made with the approval of the director of fiscal and human resources.

A reconciliation of the General Fund budgetary comparison schedule to the fund-based statement of changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>
General Fund		
Amounts per operating statement	\$ 19,480,594	\$ 11,865,121
Cemetery Care Fund	(6,854)	-
Workers' Compensation Fund	<u>(11,644)</u>	<u>(650)</u>
Amounts per budget statement	<u>\$ 19,462,096</u>	<u>\$ 11,864,471</u>

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Township incurred expenditures that were in excess of the amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>
General Fund - Personnel	\$ 243,278	\$ 258,146
Fire Fund - Capital outlay	54,400	102,244

Expenditures were over budget due to unexpected expenditures incurred during the current year.

Charter Township of Waterford

Note to Required Supplemental Information Year Ended December 31, 2011

The Community Development Block Grant Fund, Weed Control Fund, Health Benefits, and the S.A.D. Road Paving Fund were not budgeted for in the current year.

At December 31, 2011, the Township had governmental activities unrestricted net deficit of \$6,048,239.

Other Supplemental Information

Charter Township of Waterford

Other Supplemental Information Nonmajor Funds Fund Descriptions

Special Revenue Funds

These funds are used to account for specific revenue sources, which are legally restricted to expenditures for specific functions or activities. Restrictions may be imposed by state statute, the State Constitution, Township board resolution or action, or the electorate through the approval of special dedicated millages.

Bike Path Fund - This fund accounts for revenue generated by a previous property tax millage for the development of the Township's bike path system through land acquisition and infrastructure development.

Community Development Block Grant Fund - Entitlements received under the federally funded Community Development Block Grant Program are accounted for in this fund. These funds are used to provide approved Block Grant projects and programs.

Library Fund - This fund accounts for specific property taxes and related revenue used to stock books and operate programs in the various Township libraries.

Library Donations Fund - This fund accounts for donations received from the public. These funds are used as needed for children's programs, library furniture, and improvements to the facility.

Weed Control Funds - These funds are used to account for revenue and expenditures related to special assessments for weed control of various lakes within the Township.

Police Restricted Use Fund - This fund is used to account for monies seized in arrests for illegal drug activities and from various grants issued to the police department. Functions and activities include drug enforcement and education, departmental training, and expenses associated with the grants received.

Nature Center Fund - This fund was established in 2005 to account for grant monies used for the maintenance and operation of the Drayton Plains Nature Center.

Cable Commission Fund - This fund was created to account for the cable-related activities of the Township. The Township receives a PEG and franchise fees from cable providers.

Health Benefits Fund - This fund accounts for Early Retiree Reinsurance Program revenue received from the federal government.

Debt Service Fund

This fund is used to account for the accumulation of resources for the periodic payment of principal and interest on police and fire long-term debt.

Charter Township of Waterford

Other Supplemental Information Nonmajor Funds Fund Descriptions (Continued)

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. Revenue sources include General Fund transfers, grants from other units of government, private contributions, and bond proceeds.

Improvement Revolving Fund - This fund provides accounting and budgeting for resources designated for Township building and equipment improvements and land acquisition. Funding is provided from the General Fund and the sale of capital assets.

S.A.D. Road Paving Fund - This fund accounts for the construction phase of local improvements that benefit property owners and, as such, are ultimately financed through special assessments.

Trust and Agency Funds

Trust funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds.

Agency Fund - This fund accounts for the deposit of monies held by the Township government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Pension and Other Postemployment Trust Funds - The Township operates two retirement systems and one retiree healthcare fund, which are accounted for in three separate funds. These funds include the Regular Employees' Pension Fund, covering all full-time regular employees (excluding sworn police and fire employees), the Police and Fire Pension Fund, which covers sworn police and fire employees, and the Other Postemployment Benefit Trust Fund, which covers all full-time employees upon retirement or individuals receiving system disability pensions, in accordance with various labor contracts.

Charter Township of Waterford

	Special Revenue Funds					
		Community		Library	Weed	Police
	Bike Path	Development Block Grant	Library	Donations	Control	Restricted Use
Assets						
Cash and investments	\$ 136,417	\$ 163,327	\$ 2,089,771	\$ 118,456	\$ 313,071	\$ 1,046,084
Receivables:						
Property taxes receivable	-	-	980,000	-	-	-
Special assessments receivable	-	-	-	-	119,581	-
Due from other governmental units	-	111,570	-	-	-	-
Rehabilitation loan receivable	-	1,432,908	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	\$ 136,417	\$ 1,707,805	\$3,069,771	\$ 118,456	\$ 432,652	\$1,046,084
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 12,293	\$ 27,934	\$ 1,879	\$ -	\$ 3,001
Accrued liabilities and other	-	8,032	47,091	-	-	-
Deferred revenue	-	1,432,908	1,820,046	-	251,421	-
Total liabilities	-	1,453,233	1,895,071	1,879	251,421	3,001
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted:						
Police	-	-	-	-	-	1,043,083
Debt service	-	-	-	-	-	-
Bike path	136,417	-	-	-	-	-
Community development	-	54,572	-	-	-	-
Library	-	-	1,174,700	116,577	-	-
Weed control	-	-	-	-	181,231	-
Nature center	-	-	-	-	-	-
Retiree health care	-	-	-	-	-	-
Assigned:						
Cable-related activities	-	-	-	-	-	-
Community development	-	200,000	-	-	-	-
Capital projects	-	-	-	-	-	-
Total fund balances	136,417	254,572	1,174,700	116,577	181,231	1,043,083
Total liabilities and fund balances	\$ 136,417	\$ 1,707,805	\$3,069,771	\$ 118,456	\$ 432,652	\$1,046,084

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011**

Special Revenue Funds				Capital Projects Funds		Total Nonmajor Governmental Funds
Nature Center	Cable Commission	Health Benefits	Debt Service Fund	Improvement Revolving	S.A.D. Road Paving	
\$ 609,266	\$ 359,539	\$ 272,157	\$ 817,518	\$ 2,053,991	\$ 89,811	\$ 8,069,408
-	-	-	537,398	-	-	1,517,398
-	-	-	-	39,133	687	159,401
-	-	-	-	-	-	111,570
-	-	-	-	-	-	1,432,908
-	1,018	-	-	-	-	1,018
\$ 609,266	\$ 360,557	\$ 272,157	\$ 1,354,916	\$ 2,093,124	\$ 90,498	\$ 11,291,703
\$ -	\$ 87	\$ -	\$ -	\$ 13,488	\$ -	\$ 58,682
-	1,511	-	6,988	-	-	63,622
-	-	-	998,051	138,871	688	4,641,985
-	1,598	-	1,005,039	152,359	688	4,764,289
-	1,018	-	-	-	-	1,018
-	-	-	-	-	-	1,043,083
-	-	-	349,877	-	-	349,877
-	-	-	-	-	-	136,417
-	-	-	-	-	-	54,572
-	-	-	-	-	-	1,291,277
-	-	-	-	-	-	181,231
609,266	-	-	-	-	-	609,266
-	-	272,157	-	-	-	272,157
-	357,941	-	-	-	-	357,941
-	-	-	-	-	-	200,000
-	-	-	-	1,940,765	89,810	2,030,575
609,266	358,959	272,157	349,877	1,940,765	89,810	6,527,414
\$ 609,266	\$ 360,557	\$ 272,157	\$ 1,354,916	\$ 2,093,124	\$ 90,498	\$ 11,291,703

Charter Township of Waterford

	Special Revenue Funds					
	Bike Path	Community Development Block Grant	Library	Library Donations	Weed Control	Police Restricted Use
Revenue						
Property taxes	\$ -	\$ -	\$ 2,017,178	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Federal grants	-	939,065	-	-	-	153,725
State-shared revenue and grants	-	-	34,440	-	-	121,354
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	122,969	-	-	-
Investment income	804	-	11,838	-	-	-
Special assessments	-	-	-	-	282,891	-
Other revenue:						
Local donations	-	-	-	34,631	-	222
Cable franchise fees	-	-	-	-	-	-
Other miscellaneous income	-	-	2,618	-	-	34,338
Total revenue	804	939,065	2,189,043	34,631	282,891	309,639
Expenditures						
Current:						
General government	-	936,690	-	-	-	-
Public safety	-	-	-	-	-	46,095
Public works	17,470	-	-	-	-	-
Community and economic development	-	11,364	-	-	-	-
Recreation and culture	-	-	2,032,735	14,186	255,818	-
Capital outlay	-	-	85,916	2,363	-	-
Debt service	-	-	-	-	-	-
Total expenditures	17,470	948,054	2,118,651	16,549	255,818	46,095
Net Change in Fund Balances	(16,666)	(8,989)	70,392	18,082	27,073	263,544
Fund Balances - Beginning of year	153,083	263,561	1,104,308	98,495	154,158	779,539
Fund Balances - End of year	\$ 136,417	\$ 254,572	\$ 1,174,700	\$ 116,577	\$ 181,231	\$ 1,043,083

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2011

Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
Nature Center	Cable Commission	Health Benefits	Debt Service Fund	Improvement Revolving	S.A.D. Road Paving	
\$ -	\$ -	\$ -	\$ 1,109,062	\$ -	\$ -	\$ 3,126,240
-	-	-	-	24,646	-	24,646
-	-	271,629	-	-	-	1,364,419
-	-	-	-	77,000	-	232,794
-	102,664	-	-	-	-	102,664
-	-	-	-	-	-	122,969
1,598	1,798	528	238	11,155	440	28,399
-	-	-	-	33,566	35,207	351,664
-	-	-	-	-	-	34,853
-	114,925	-	-	-	-	114,925
-	-	-	1,436	-	-	38,392
1,598	219,387	272,157	1,110,736	146,367	35,647	5,541,965
-	151,366	-	-	-	-	1,088,056
-	-	-	-	-	-	46,095
-	-	-	-	102,416	22,332	142,218
30,000	-	-	-	-	-	41,364
-	-	-	-	-	-	2,302,739
-	4,740	-	-	137,294	-	230,313
-	-	-	1,091,983	-	10,388	1,102,371
30,000	156,106	-	1,091,983	239,710	32,720	4,953,156
(28,402)	63,281	272,157	18,753	(93,343)	2,927	588,809
637,668	295,678	-	331,124	2,034,108	86,883	5,938,605
\$ 609,266	\$ 358,959	\$ 272,157	\$ 349,877	\$ 1,940,765	\$ 89,810	\$ 6,527,414

Charter Township of Waterford

Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds December 31, 2011

	Pension Trust Funds			Total
	Police and Fire Pension	Regular Employees' Pension	Other Postemployment Benefits	
Assets				
Cash and cash equivalents	\$ 3,434,520	\$ 12,568	\$ 218,246	\$ 3,665,334
Investments:				
U.S. government securities	3,697,671	2,672,963	199,454	6,570,088
Agency securities	8,099,804	4,730,408	-	12,830,212
Corporate bonds	10,091,085	2,977,235	-	13,068,320
Fixed-income funds	4,907,813	1,280,403	-	6,188,216
Stocks	25,813,170	28,415,752	-	54,228,922
Mutual funds	10,310,653	4,095,376	6,060,371	20,466,400
Real estate investment trusts	569,024	-	-	569,024
Pension manager short-term funds	5,474,459	3,592,130	-	9,066,589
Securities lending short-term collateral bank investment pool - Mutual funds	2,621,334	1,385,955	-	4,007,289
Prepaid items	405,659	261,387	-	667,046
Accrued income	233,405	250,277	-	483,682
Total assets	<u>75,658,597</u>	<u>49,674,454</u>	<u>6,478,071</u>	<u>131,811,122</u>
Liabilities				
Accounts payable	3,432,079	1,082,466	-	4,514,545
Accrued liabilities and other - Obligations under securities lending agreements	2,689,366	1,449,405	-	4,138,771
Total liabilities	<u>6,121,445</u>	<u>2,531,871</u>	<u>-</u>	<u>8,653,316</u>
Net Assets Held in Trust for Pension and Other Postemployment Benefits	<u>\$ 69,537,152</u>	<u>\$ 47,142,583</u>	<u>\$ 6,478,071</u>	<u>\$ 123,157,806</u>

Charter Township of Waterford

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Assets Fiduciary Funds Year Ended December 31, 2011

	Police and Fire Pension	Regular Employees' Pension	Other Postemployment Benefits	Total
Additions				
Investment income:				
Interest and dividends	\$ 1,963,234	\$ 895,318	\$ 166,186	\$ 3,024,738
Net decrease in fair value of investments	(303,004)	(1,141,888)	(45,358)	(1,490,250)
Contributions:				
Employer	3,227,187	2,011,374	5,237,185	10,475,746
Employee	472,599	71,427	54,868	598,894
Total contributions	<u>3,699,786</u>	<u>2,082,801</u>	<u>5,292,053</u>	<u>11,074,640</u>
Total additions	5,360,016	1,836,231	5,412,881	12,609,128
Deductions				
Benefit payments	6,078,947	2,801,036	5,207,335	14,087,318
Administrative expenses	298,132	302,337	27,793	628,262
Total deductions	<u>6,377,079</u>	<u>3,103,373</u>	<u>5,235,128</u>	<u>14,715,580</u>
Net (Decrease) Increase in Net Assets Held in Trust	(1,017,063)	(1,267,142)	177,753	(2,106,452)
Net Assets Held in Trust for Pension and Other Postemployment Benefits - Beginning of year	<u>70,554,215</u>	<u>48,409,725</u>	<u>6,300,318</u>	<u>125,264,258</u>
Net Assets Held in Trust for Pension and Other Postemployment Benefits - End of year	<u><u>\$ 69,537,152</u></u>	<u><u>\$ 47,142,583</u></u>	<u><u>\$ 6,478,071</u></u>	<u><u>\$ 123,157,806</u></u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Bike Path Budgetary Comparison Year Ended December 31, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 1,500	\$ 1,500	\$ 804	\$ (696)
Expenditures - Current - Public works	<u>40,168</u>	<u>40,168</u>	<u>17,470</u>	<u>22,698</u>
Net Change in Fund Balance	(38,668)	(38,668)	(16,666)	22,002
Fund Balance - Beginning of year	<u>153,083</u>	<u>153,083</u>	<u>153,083</u>	-
Fund Balance - End of year	<u><u>\$ 114,415</u></u>	<u><u>\$ 114,415</u></u>	<u><u>\$ 136,417</u></u>	<u><u>\$ 22,002</u></u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Library Budgetary Comparison Year Ended December 31, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 2,057,400	\$ 2,015,813	\$ 2,017,178	\$ 1,365
State-shared revenue and grants	22,400	22,400	34,440	12,040
Fines and forfeitures	122,000	122,000	122,969	969
Investment income	-	-	11,838	11,838
Other revenue	3,300	3,300	2,618	(682)
Total revenue	<u>2,205,100</u>	<u>2,163,513</u>	<u>2,189,043</u>	<u>25,530</u>
Expenditures - Current				
Recreation and culture	2,160,779	2,206,148	2,032,735	173,413
Capital outlay	74,546	74,546	85,916	(11,370)
Total expenditures	<u>2,235,325</u>	<u>2,280,694</u>	<u>2,118,651</u>	<u>162,043</u>
Net Change in Fund Balance	(30,225)	(117,181)	70,392	187,573
Fund Balance - Beginning of year	<u>1,104,308</u>	<u>1,104,308</u>	<u>1,104,308</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 1,074,083</u></u>	<u><u>\$ 987,127</u></u>	<u><u>\$ 1,174,700</u></u>	<u><u>\$ 187,573</u></u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Library Donations Budgetary Comparison Year Ended December 31, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Local donations	\$ 25,000	\$ 25,000	\$ 34,631	\$ 9,631
Expenditures - Current				
Recreation and culture - Library	20,000	20,000	14,186	5,814
Capital outlay	5,000	5,000	2,363	2,637
Total expenditures	25,000	25,000	16,549	8,451
Net Change in Fund Balance	-	-	18,082	18,082
Fund Balance - Beginning of year	98,495	98,495	98,495	-
Fund Balance - End of year	<u>\$ 98,495</u>	<u>\$ 98,495</u>	<u>\$ 116,577</u>	<u>\$ 18,082</u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Police Restricted Use Budgetary Comparison Year Ended December 31, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ 98,000	\$ 98,000	\$ 153,725	\$ 55,725
State-shared revenue and grants	60,000	60,000	121,354	61,354
Other revenue	29,500	29,500	34,560	5,060
Total revenue	187,500	187,500	309,639	122,139
Expenditures - Current -				
Public safety	120,000	120,000	46,095	73,905
Net Change in Fund Balance	67,500	67,500	263,544	196,044
Fund Balance - Beginning of year	779,539	779,539	779,539	-
Fund Balance - End of year	\$ 847,039	\$ 847,039	\$ 1,043,083	\$ 196,044

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Nature Center Budgetary Comparison Year Ended December 31, 2011

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue - Investment income	\$ 30,000	\$ 30,000	\$ 1,598	\$ (28,402)
Expenditures - Current - Community and economic development	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	(28,402)	(28,402)
Fund Balance - Beginning of year	<u>637,668</u>	<u>637,668</u>	<u>637,668</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 637,668</u></u>	<u><u>\$ 637,668</u></u>	<u><u>\$ 609,266</u></u>	<u><u>\$ (28,402)</u></u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Cable Commission Budgetary Comparison Year Ended December 31, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ 68,000	\$ 68,000	\$ 102,664	\$ 34,664
Investment income	-	-	1,798	1,798
Other revenue - Cable franchise fees	101,000	101,000	114,925	13,925
Total revenue	169,000	169,000	219,387	50,387
Expenditures - Current				
General government	156,374	156,374	151,366	5,008
Capital outlay	-	4,740	4,740	-
Total expenditures	156,374	161,114	156,106	5,008
Net Change in Fund Balance	12,626	7,886	63,281	55,395
Fund Balance - Beginning of year	295,678	295,678	295,678	-
Fund Balance - End of year	\$ 308,304	\$ 303,564	\$ 358,959	\$ 55,395

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Debt Service Fund Budgetary Comparison Year Ended December 31, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,130,000	\$ 1,107,195	\$ 1,109,062	\$ 1,867
Investment income	1,000	1,000	238	(762)
Other revenue	1,800	1,800	1,436	(364)
Total revenue	1,132,800	1,109,995	1,110,736	741
Expenditures - Current -				
Debt service				
Principal	860,000	860,000	860,000	-
Interest on long-term debt	232,083	232,083	231,983	100
Total expenditures	1,092,083	1,092,083	1,091,983	100
Net Change in Fund Balance	40,717	17,912	18,753	841
Fund Balance - Beginning of year	331,124	331,124	331,124	-
Fund Balance - End of year	<u>\$ 371,841</u>	<u>\$ 349,036</u>	<u>\$ 349,877</u>	<u>\$ 841</u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Improvement Revolving Budgetary Comparison Year Ended December 31, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Licenses and permits	\$ 25,000	\$ 25,000	\$ 24,646	\$ (354)
State-shared revenue and grants	10,000	27,000	77,000	50,000
Investment income	10,000	10,000	11,155	1,155
Special assessments	-	-	33,566	33,566
Other revenue	-	393,294	-	(393,294)
Total revenue	45,000	455,294	146,367	(308,927)
Expenditures - Current				
Public works	-	674,500	102,416	572,084
Capital outlay	140,000	187,000	137,294	49,706
Total expenditures	140,000	861,500	239,710	621,790
Net Change in Fund Balance	(95,000)	(406,206)	(93,343)	312,863
Fund Balance - Beginning of year	2,034,108	2,034,108	2,034,108	-
Fund Balance - End of year	<u>\$ 1,939,108</u>	<u>\$ 1,627,902</u>	<u>\$ 1,940,765</u>	<u>\$ 312,863</u>

Charter Township of Waterford

Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds Year Ended December 31, 2011

	Balance at January 1, 2011	Additions	Reductions	Balance at December 31, 2011
<u>Tax Collections</u>				
Assets				
Cash and investments	\$ 1,071,305	\$ 106,830,839	\$ (106,591,120)	\$ 1,311,024
Receivables	-	5,900	-	5,900
Total assets	<u>\$ 1,071,305</u>	<u>\$ 106,836,739</u>	<u>\$ (106,591,120)</u>	<u>\$ 1,316,924</u>
Liabilities				
Due to other governmental units	\$ 1,021,425	\$ 1,194,696	\$ (938,707)	\$ 1,277,414
Accrued liabilities and other	49,880	87,817	(98,187)	39,510
Total liabilities	<u>\$ 1,071,305</u>	<u>\$ 1,282,513</u>	<u>\$ (1,036,894)</u>	<u>\$ 1,316,924</u>
<u>Other Agency Funds</u>				
Assets - Cash and investments				
	<u>\$ 950,028</u>	<u>\$ 2,396,737</u>	<u>\$ (2,509,299)</u>	<u>\$ 837,466</u>
Liabilities				
Bonds and other deposits	\$ 933,849	\$ 1,234,157	\$ (1,379,946)	\$ 788,060
Accrued liabilities and other	16,179	875,955	(842,728)	49,406
Total liabilities	<u>\$ 950,028</u>	<u>\$ 2,110,112</u>	<u>\$ (2,222,674)</u>	<u>\$ 837,466</u>
<u>Total Agency Funds</u>				
Assets				
Cash and investments	\$ 2,021,333	\$ 109,227,576	\$ (109,100,419)	\$ 2,148,490
Receivables	-	5,900	-	5,900
Total assets	<u>\$ 2,021,333</u>	<u>\$ 109,233,476</u>	<u>\$ (109,100,419)</u>	<u>\$ 2,154,390</u>
Liabilities				
Due to other governmental units	\$ 1,021,425	\$ 1,194,696	\$ (938,707)	\$ 1,277,414
Bonds and other deposits	933,849	1,234,157	(1,379,946)	788,060
Accrued liabilities and other	66,059	963,772	(940,915)	88,916
Total liabilities	<u>\$ 2,021,333</u>	<u>\$ 3,392,625</u>	<u>\$ (3,259,568)</u>	<u>\$ 2,154,390</u>

Charter Township of Waterford

Other Supplemental Information Component Unit - Veterans' Memorial Fund Fund-based Balance Sheet December 31, 2011

	Modified Accrual	Full Accrual Adjustments	Full Accrual
Assets			
Cash and cash equivalents	\$ 2,814	\$ -	\$ 2,814
Capital assets	-	70,470	70,470
Total assets	\$ 2,814	\$ 70,470	\$ 73,284
Equity - Fund balance - Restricted	\$ 2,814	\$ (2,814)	\$ -
Net Assets			
Invested in capital assets	-	70,470	70,470
Restricted - Veterans' Memorial	-	2,814	2,814
Total liabilities and equity	\$ 2,814	\$ 70,470	\$ 73,284

Charter Township of Waterford

Other Supplemental Information Component Unit - Veterans' Memorial Fund Fund-based Schedule of Revenue and Expenditures Year Ended December 31, 2011

	Modified Accrual	Full Accrual Adjustments	Full Accrual
Revenue - Charges for services	\$ 15,592	\$ -	\$ 15,592
Expenditures			
Capital outlay	18,565	(18,565)	-
Depreciation	-	2,180	2,180
Change in Fund Balance/Net Assets	(2,973)	16,385	13,412
Fund Balance/Net Assets - Beginning of year	5,787	54,085	59,872
Fund Balance/Net Assets - End of year	\$ 2,814	\$ 70,470	\$ 73,284

Statistical Section

Charter Township of Waterford

Contents

This part of the Township's Comprehensive Annual Financial Report presents detailed information to assist in understanding what information in the financial statements, note disclosures, and required supplemental information says about the overall financial condition of the Charter Township of Waterford.

1. Financial Trend Information

These schedules contain certain trend information to help the reader understand how the Township's financial position and performance have changed over time.

2. Revenue Capacity Information

These schedules contain information to help the reader assess the factors affecting the Township's ability to generate its main income source - property taxes.

3. Debt Capacity Information

These schedules present information to help the reader assess the affordability of the Township's current level of outstanding debt and the ability to issue additional debt in the future.

4. Demographic and Economic Information

These schedules present various demographic and economic indicators for the reader to understand the environment within the Township that affect the Township's financial statements.

5. Operating Information

These schedules contain information about the Township's operations and resources to help the reader understand how the Township's financial information relates to the services the Township provides and the activities it performs.

Charter Township of Waterford

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities				
Invested in capital assets -				
Net of related debt	\$ 47,758,699	\$ 46,760,305	\$ 44,198,627	\$ 46,058,221
Restricted	4,448,658	4,414,219	4,271,716	4,475,349
Unrestricted	<u>8,168,739</u>	<u>7,867,683</u>	<u>12,528,472</u>	<u>11,093,570</u>
 Total net assets	 <u>\$ 60,376,096</u>	 <u>\$ 59,042,207</u>	 <u>\$ 60,998,815</u>	 <u>\$ 61,627,140</u>
 Business-type Activities				
Invested in capital assets -				
Net of related debt	\$ 62,534,177	\$ 72,853,886	\$ 71,907,630	\$ 73,978,739
Restricted	692,679	-	-	-
Unrestricted	<u>32,725,006</u>	<u>21,836,410</u>	<u>22,455,525</u>	<u>19,737,391</u>
 Total net assets	 <u>\$ 95,951,862</u>	 <u>\$ 94,690,296</u>	 <u>\$ 94,363,155</u>	 <u>\$ 93,716,130</u>
 Primary Government in Total				
Invested in capital assets -				
Net of related debt	\$ 110,292,876	\$ 119,614,191	\$ 116,106,257	\$ 120,036,960
Restricted	5,141,337	4,414,219	4,271,716	4,475,349
Unrestricted	<u>40,893,745</u>	<u>29,704,093</u>	<u>34,983,997</u>	<u>30,830,961</u>
 Total net assets	 <u>\$ 156,327,958</u>	 <u>\$ 153,732,503</u>	 <u>\$ 155,361,970</u>	 <u>\$ 155,343,270</u>

Source: Township annual financial statements

Financial Trend Information
Net Assets by Component

		Fiscal Year							
		2007	2008	2009	2010	2011			
\$	44,981,170	\$	44,405,669	\$	44,754,072	\$	44,944,850	\$	45,135,692
	4,444,665		4,747,321		4,721,937		5,141,594		5,370,788
	<u>13,253,224</u>		<u>8,271,581</u>		<u>1,800,600</u>		<u>(2,877,686)</u>		<u>(6,048,239)</u>
\$	<u>62,679,059</u>	\$	<u>57,424,571</u>	\$	<u>51,276,609</u>	\$	<u>47,208,758</u>	\$	<u>44,458,241</u>
\$	75,401,201	\$	73,989,325	\$	71,654,120	\$	73,463,981	\$	71,947,707
	-		-		1,448,307		1,916,264		2,206,903
	<u>17,295,329</u>		<u>16,345,225</u>		<u>13,946,883</u>		<u>13,185,990</u>		<u>13,185,783</u>
\$	<u>92,696,530</u>	\$	<u>90,334,550</u>	\$	<u>87,049,310</u>	\$	<u>88,566,235</u>	\$	<u>87,340,393</u>
\$	120,376,289	\$	118,394,994	\$	116,408,192	\$	118,408,831	\$	117,083,399
	4,414,765		4,747,321		6,170,244		7,057,858		7,577,691
	<u>30,584,535</u>		<u>24,616,806</u>		<u>15,747,483</u>		<u>10,308,304</u>		<u>7,137,544</u>
\$	<u>155,375,589</u>	\$	<u>147,759,121</u>	\$	<u>138,325,919</u>	\$	<u>135,774,993</u>	\$	<u>131,798,634</u>

Charter Township of Waterford

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
General government	\$ 5,649,672	\$ 7,357,935	\$ 5,466,726	\$ 5,985,100
District Court	3,140,799	2,418,173	2,317,176	2,348,464
Fire and police	22,118,444	23,030,760	23,046,539	24,013,701
Building inspection	1,590,632	1,473,563	1,470,193	1,256,223
Public works activities	684,653	610,748	553,056	1,423,014
Community and economic activities	2,342,490	1,937,745	1,961,479	1,884,356
Recreation and culture	5,176,747	4,290,005	4,981,226	5,431,483
Interest on long-term debt	765,496	743,442	629,171	654,854
Total expenses	41,468,933	41,862,371	40,425,566	42,997,195
Program Revenue				
Charges for services:				
General government	1,254,061	2,112,398	2,457,109	2,947,828
District Court	2,418,119	2,448,511	2,064,928	1,800,703
Fire and police	570,151	672,974	630,285	850,170
Building inspection	668,000	713,689	809,922	819,910
Community and economic activities	261,846	262,316	297,423	190,251
Recreation and culture	1,489,629	1,106,966	936,919	1,063,868
Other activities	514,872	439,569	475,639	452,038
Total charges for services	7,176,678	7,756,423	7,672,225	8,124,768
Operating grants and contributions	1,291,768	919,783	2,742,244	1,785,443
Capital grants and contributions	-	-	-	-
Total program revenue	8,468,446	8,676,206	10,414,469	9,910,211
Excess of Expenses Over Program Revenue	(33,000,487)	(33,186,165)	(30,011,097)	(33,086,984)
General Revenue				
Property taxes	22,552,041	23,361,991	24,789,201	26,212,941
State-shared revenue	6,597,657	6,103,011	6,238,324	6,014,902
Investment earnings	448,991	412,640	955,972	1,525,435
Franchise fees	668,750	653,945	-	-
Miscellaneous	98,846	219,889	107,725	253,538
Transfers	-	-	(123,517)	(123,513)
Total general revenue	30,366,285	30,751,476	31,967,705	33,883,303
Change in Net Assets	\$ (2,634,202)	\$ (2,434,689)	\$ 1,956,608	\$ 796,319

Source: Township annual financial statements

Financial Trend Information
Changes in Governmental Net Assets
(Unaudited)

		Fiscal Year				
2007	2008	2009	2010	2011		
\$ 5,939,155	\$ 11,429,795	\$ 7,255,074	\$ 6,997,818	\$ 6,705,725		
2,294,339	2,581,511	2,948,594	2,833,152	2,419,633		
23,402,306	24,510,932	28,665,369	27,946,504	24,652,327		
1,410,631	1,456,737	1,488,139	1,392,747	1,240,541		
355,029	926,691	674,698	931,781	746,742		
1,866,519	1,487,700	3,095,731	2,705,335	2,188,419		
5,643,072	5,806,047	5,868,354	5,571,380	4,897,241		
624,659	603,194	802,289	277,941	302,836		
<u>41,535,710</u>	<u>48,802,607</u>	<u>50,798,248</u>	<u>48,656,658</u>	<u>43,153,464</u>		
2,976,906	3,129,723	3,537,865	3,095,082	2,130,007		
1,693,652	1,853,358	1,795,195	1,480,037	1,302,460		
784,770	794,250	1,426,080	2,058,194	2,026,482		
604,994	527,704	376,323	482,410	346,073		
167,659	218,830	396,331	112,540	79,046		
945,881	1,040,496	1,174,611	1,221,313	1,268,767		
446,262	464,852	470,264	508,384	575,408		
<u>7,620,124</u>	<u>8,029,213</u>	<u>9,176,669</u>	<u>8,957,960</u>	<u>7,728,243</u>		
694,940	698,365	2,007,831	2,149,749	1,785,418		
-	-	-	285,650	-		
<u>8,315,064</u>	<u>8,727,578</u>	<u>11,184,500</u>	<u>11,393,359</u>	<u>9,513,661</u>		
(33,220,646)	(40,075,029)	(39,613,748)	(37,263,299)	(33,639,803)		
26,572,411	27,913,339	27,751,648	27,303,992	24,615,307		
6,007,200	5,948,420	5,237,324	4,983,146	5,146,592		
1,677,529	953,573	209,413	150,336	125,441		
-	-	72,587	88,087	929,916		
113,895	122,869	194,814	284,228	72,030		
(98,470)	(117,659)	-	-	-		
<u>34,272,565</u>	<u>34,820,542</u>	<u>33,465,786</u>	<u>32,809,789</u>	<u>30,889,286</u>		
<u>\$ 1,051,919</u>	<u>\$ (5,254,487)</u>	<u>\$ (6,147,962)</u>	<u>\$ (4,453,510)</u>	<u>\$ (2,750,517)</u>		

Charter Township of Waterford

	Fiscal Year			
	2002	2003	2004	2005
Operating Revenue				
Water usage billings	\$ 3,436,532	\$ 3,301,757	\$ 3,538,589	\$ 4,063,895
Sewage disposal charges	8,021,301	8,497,681	8,599,796	8,740,176
Other sales to customers	63,946	53,710	39,365	47,312
Charges for services	257,741	295,499	264,737	157,204
State sources	-	17,940	14,283	84,496
Total operating revenue	11,779,520	12,166,587	12,456,770	13,093,083
Operating Expenses				
Cost of water	1,708,453	1,938,057	1,889,388	1,919,760
Cost of sewage disposal	4,593,631	5,176,929	5,262,612	5,306,515
Operation and maintenance costs	1,370,232	1,550,088	1,159,545	907,518
Billing and administrative costs	2,657,727	3,560,230	4,057,731	4,427,857
Depreciation	3,295,361	2,641,377	2,780,684	3,151,550
Other services and charges	-	62,537	244	-
Total operating expenses	13,625,404	14,929,218	15,150,204	15,713,200
Operating Loss	(1,845,884)	(2,762,631)	(2,693,434)	(2,620,117)
Nonoperating Revenue (Expense)				
Property taxes	205,810	-	-	-
Loss on sale of assets	-	-	-	-
Investment income	1,118,394	418,198	641,651	589,824
Interest expense	(684,503)	(454,023)	(330,667)	(173,999)
Total nonoperating revenue (expense)	639,701	(35,825)	310,984	415,825
Loss - Before contributions	(1,206,183)	(2,798,456)	(2,382,450)	(2,204,292)
Transfers In - Net	-	-	-	123,517
Capital Contributions	1,793,900	1,171,875	1,120,884	1,753,634
Change in Net Assets	<u>\$ 587,717</u>	<u>\$ (1,626,581)</u>	<u>\$ (1,261,566)</u>	<u>\$ (327,141)</u>
Change in Primary Government Net Assets				
Change in governmental net assets	N/A	\$ (2,634,202)	\$ (2,434,689)	\$ 1,956,608
Change in business-type net assets	587,717	(1,626,581)	(1,261,566)	(327,141)
Total change in primary government net assets	<u>N/A</u>	<u>\$ (4,260,783)</u>	<u>\$ (3,696,255)</u>	<u>\$ 1,629,467</u>

Financial Trend Information
Changes in Business-type Net Assets
Last Ten Fiscal Years
(Unaudited)

		Fiscal Year					
		2006	2007	2008	2009	2010	2011
	\$	4,262,268	4,485,952	4,433,736	4,271,239	5,178,302	5,092,940
		8,733,548	9,260,007	9,749,175	10,589,084	10,835,754	11,588,492
		40,050	35,705	21,244	15,400	22,561	25,940
		275,271	184,124	154,716	135,092	262,589	253,699
		269,320	509,898	70,023	33,336	49,046	19,414
		<u>13,580,457</u>	<u>14,475,686</u>	<u>14,428,894</u>	<u>15,044,151</u>	<u>16,348,252</u>	<u>16,980,485</u>
		1,850,357	1,929,798	1,877,558	2,073,815	1,750,817	1,667,552
		5,483,009	5,445,964	6,581,257	5,798,600	6,543,296	7,010,894
		1,010,788	1,264,007	730,997	991,427	943,623	708,744
		4,573,889	4,674,404	4,747,777	5,702,312	4,485,462	5,272,625
		3,299,725	3,462,368	3,759,641	3,910,157	3,459,145	3,438,847
		186	125	1,469	-	-	-
		<u>16,217,954</u>	<u>16,776,666</u>	<u>17,698,699</u>	<u>18,476,311</u>	<u>17,182,343</u>	<u>18,098,662</u>
		(2,637,497)	(2,300,980)	(3,269,805)	(3,432,160)	(834,091)	(1,118,177)
		-	-	-	-	-	-
		-	-	-	-	-	9,405
		1,000,197	721,961	552,486	292,311	252,947	153,224
		<u>(171,412)</u>	<u>(173,580)</u>	<u>(293,178)</u>	<u>(381,215)</u>	<u>(394,572)</u>	<u>(379,396)</u>
		<u>828,785</u>	<u>548,381</u>	<u>259,308</u>	<u>(88,904)</u>	<u>(141,625)</u>	<u>(216,767)</u>
		(1,808,712)	(1,752,599)	(3,010,497)	(3,521,064)	(975,716)	(1,334,944)
		123,513	98,470	117,659	-	-	-
		<u>1,038,174</u>	<u>634,529</u>	<u>530,858</u>	<u>235,824</u>	<u>2,492,641</u>	<u>109,103</u>
	\$	<u>(647,025)</u>	<u>(1,019,600)</u>	<u>(2,361,980)</u>	<u>(3,285,240)</u>	<u>1,516,925</u>	<u>(1,225,841)</u>
	\$	796,319	1,051,919	(5,254,487)	(6,147,962)	(4,453,510)	(2,750,517)
		<u>(647,025)</u>	<u>(1,019,600)</u>	<u>(2,361,980)</u>	<u>(3,285,240)</u>	<u>1,516,925</u>	<u>(1,225,841)</u>
	\$	<u>149,294</u>	<u>32,319</u>	<u>(7,616,467)</u>	<u>(9,433,202)</u>	<u>(2,936,585)</u>	<u>(3,976,358)</u>

Charter Township of Waterford

	Fiscal Year			
	2002	2003	2004	2005
General Fund				
Reserved	\$ 140,412	\$ -	\$ -	\$ -
Unreserved	2,322,497	764,627	1,347,204	1,885,305
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	2,462,909	764,627	1,347,204	1,885,305
All Other Governmental Funds				
Reserved	331,358	117,641	179,293	567,117
Unreserved, reported in:				
Special Revenue Funds	11,366,438	10,634,792	9,323,330	12,301,546
Capital Projects Funds	641,380	519,173	435,036	396,736
Debt Service Funds	370,741	336,053	305,245	286,406
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Total General Fund and all other governmental funds	<u>\$ 15,172,826</u>	<u>\$ 12,372,286</u>	<u>\$ 11,590,108</u>	<u>\$ 15,437,110</u>

Source: Township annual financial statements

Financial Trend Information
Fund Balances - Governmental Funds
Last Ten Fiscal Years (Unaudited)

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ -	\$ -	\$ -	\$ -	\$ 131,037	\$ -
1,365,898	1,737,438	2,076,456	2,254,966	1,481,735	-
-	-	-	-	-	41,258
-	-	-	-	-	1,703,984
-	-	-	-	-	792,173
1,365,898	1,737,438	2,076,456	2,254,966	1,612,772	2,537,415
575,470	493,090	571,938	738,941	954,024	-
12,266,454	12,936,271	8,373,298	7,084,171	6,877,134	-
259,538	185,125	146,288	79,198	86,883	-
294,627	328,023	362,295	73,179	331,124	-
-	-	-	-	-	6,915
-	-	-	-	-	3,937,880
-	-	-	-	-	4,606,791
<u>\$ 14,761,987</u>	<u>\$ 15,679,947</u>	<u>\$ 11,530,275</u>	<u>\$ 10,230,455</u>	<u>\$ 9,861,937</u>	<u>\$ 11,089,001</u>

Charter Township of Waterford

	Fiscal Year			
	2002	2003	2004	2005
Revenue				
Property taxes	\$ 19,687,111	\$ 22,396,355	\$ 23,388,467	\$ 24,586,576
Intergovernmental revenue	8,325,431	7,827,753	7,620,465	8,158,010
Licenses and permits	1,075,998	1,092,417	1,170,341	1,316,715
Fines and forfeitures	2,658,430	2,778,621	2,764,971	2,459,084
Charges for services	1,984,950	2,238,494	2,315,956	2,281,763
Special assessments	621,018	514,872	489,562	475,639
Interest and miscellaneous	4,230,603	1,782,200	2,301,714	4,278,487
Total revenue	38,583,541	38,630,712	40,051,476	43,556,274
Expenditures				
Current:				
General government	7,998,661	7,554,150	7,519,259	7,491,459
Public safety	18,968,282	21,427,773	22,184,623	22,227,359
Community and economic development	2,839,461	3,866,987	3,449,228	3,494,062
Recreation and culture	4,499,079	4,504,373	4,045,750	4,073,698
Miscellaneous	499,936	123,513	140,705	91,876
Capital outlay	2,597,818	2,798,810	2,324,405	1,015,745
Debt administration:	1,114,713	1,155,646		
Principal	*	*	564,735	601,090
Interest	*	*	604,949	590,466
Total expenditures	38,517,950	41,431,252	40,833,654	39,585,755
Excess of Expenditures Over (Under) Revenue	65,591	(2,800,540)	(782,178)	3,970,519
Other Financing Sources (Uses)				
Debt issuance	-	-	-	-
Transfers in	9,821,595	10,128,971	10,157,922	9,045,878
Transfers out	(9,821,595)	(10,128,971)	(10,157,922)	(9,169,395)
Total other financing (uses) sources	-	-	-	(123,517)
Net Change in Fund Balances	65,591	(2,800,540)	(782,178)	3,847,002
Fund Balances - Beginning of year	15,107,235	15,172,826	12,372,286	11,590,108
Fund Balances - End of year	\$ 15,172,826	\$ 12,372,286	\$ 11,590,108	\$ 15,437,110
Debt service as a percentage of noncapital expenditures	3.10%	2.99%	3.04%	3.09%

* Information not available

Source: Township annual financial statements

**Change in Fund Balances - Governmental Funds
Last Ten Fiscal Years (Unaudited)**

		Fiscal Year									
		2006	2007	2008	2009	2010	2011				
\$	25,627,849	\$	26,886,857	\$	27,972,916	\$	27,816,321	\$	27,487,340	\$	24,217,983
	7,716,269		6,794,515		7,213,496		7,660,834		7,177,942		7,090,287
	1,377,918		1,151,351		1,207,258		1,164,144		1,366,130		300,769
	2,132,806		2,135,331		2,176,313		2,120,660		1,792,007		1,586,332
	2,450,490		2,444,256		2,497,863		2,900,239		3,715,399		3,894,382
	452,038		446,262		760,745		748,705		808,083		858,299
	2,877,024		2,860,554		2,284,495		1,490,876		1,790,264		1,825,496
	<u>42,634,394</u>		<u>42,719,126</u>		<u>44,113,086</u>		<u>43,901,779</u>		<u>44,137,165</u>		<u>39,773,548</u>
	7,891,992		7,779,594		13,800,090		8,277,219		9,070,564		8,470,321
	22,875,205		22,941,441		23,540,465		26,409,209		26,270,382		22,620,407
	3,164,900		3,390,156		1,901,477		2,919,236		2,117,054		1,249,546
	4,342,933		4,548,647		6,229,423		4,858,451		4,722,679		4,138,183
	22,661		29,846		13,504		43,954		269,934		142,218
	3,426,996		1,701,797		1,326,510		1,055,415		808,788		648,183
	814,805		779,755		765,225		856,452		904,749		990,000
	646,512		531,460		568,405		781,663		341,533		287,626
	<u>43,186,004</u>		<u>41,702,696</u>		<u>48,145,099</u>		<u>45,201,599</u>		<u>44,505,683</u>		<u>38,546,484</u>
	(551,610)		1,016,430		(4,032,013)		(1,299,820)		(368,518)		1,227,064
	9,825,333		8,898,465		9,400,000		8,500,000		8,500,000		7,450,000
	<u>(9,948,846)</u>		<u>(8,996,935)</u>		<u>(9,517,659)</u>		<u>(8,500,000)</u>		<u>(8,500,000)</u>		<u>(7,450,000)</u>
	<u>(123,513)</u>		<u>(98,470)</u>		<u>(117,659)</u>		<u>-</u>		<u>-</u>		<u>-</u>
	(675,123)		917,960		(4,149,672)		(1,299,820)		(368,518)		1,227,064
	<u>15,437,110</u>		<u>14,761,987</u>		<u>15,679,947</u>		<u>11,530,275</u>		<u>10,230,455</u>		<u>9,861,937</u>
\$	<u>14,761,987</u>	\$	<u>15,679,947</u>	\$	<u>11,530,275</u>	\$	<u>10,230,455</u>	\$	<u>9,861,937</u>	\$	<u>11,089,001</u>
	3.68%		3.28%		2.85%		3.70%		2.85%		3.37%

Charter Township of Waterford

Financial Trend Information General Government Revenue History Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Property Taxes	Inter-governmental Revenue	Special Assessments (1)	Licenses and Permits	Fines and Fees	Charges for Services	Interest and Miscellaneous	Total Revenue
2002	\$ 19,687,111	\$ 8,325,431	\$ 621,018	\$ 1,075,998	\$ 2,658,430	\$ 1,984,950	\$ 4,230,603	\$ 38,583,541
2003	22,396,355	7,827,753	514,872	1,092,417	2,778,621	2,238,494	1,782,200	38,630,712
2004	23,388,467	7,620,465	489,562	1,170,341	2,764,971	2,315,956	2,301,714	40,051,476
2005	24,586,576	8,158,010	475,639	1,316,715	2,459,084	2,281,763	4,278,487	43,556,274
2006	25,627,849	7,716,269	452,038	1,377,918	2,132,806	2,450,490	2,877,024	42,634,394
2007	26,886,857	6,794,515	446,262	1,151,351	2,135,331	2,444,256	2,860,554	42,719,126
2008	27,972,916	7,213,496	760,745	1,207,258	2,176,313	2,497,863	2,284,495	44,113,086
2009	27,816,321	7,660,834	748,705	1,164,144	2,120,660	2,900,239	1,490,876	43,901,779
2010	27,487,340	7,177,942	808,083	1,366,130	1,792,007	3,715,399	1,790,264	44,137,165
2011	24,217,983	7,090,287	858,299	300,769	1,586,332	3,894,382	1,825,496	39,773,548

Note: Includes all governmental-type funds

(1) Streetlight special assessment district revenue was reclassified in 2003 as special revenue. It was previously classified as property tax or charges for services. Figures adjusted appropriately retrospectively.

Source: Township annual financial statements

General Government Expenditure History Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Government	Public Safety	Community and Economic Development	Recreation and Culture	Capital Outlay	Debt Admin.	Miscellaneous	Total Expenditures
2002	\$ 7,998,661	\$ 18,968,282	\$ 2,839,461	\$ 4,499,079	\$ 2,597,818	\$ 1,114,713	\$ 499,936	\$ 38,517,950
2003	7,554,150	21,427,773	3,866,987	4,504,373	2,798,810	1,155,646	123,515	41,431,254
2004	7,519,259	22,184,623	3,449,228	4,045,750	2,324,405	1,169,684	140,705	40,833,654
2005	7,491,459	22,227,359	3,494,062	4,073,698	1,015,745	1,191,556	91,876	39,585,755
2006	7,891,992	22,875,205	3,164,900	4,342,933	3,426,996	1,461,317	22,661	43,186,004
2007	7,779,594	22,941,441	3,390,156	4,548,647	1,701,797	1,311,215	29,846	41,702,696
2008	13,800,090	23,540,465	3,349,876	4,781,024	1,326,510	1,333,630	13,504	48,145,099
2009	8,277,219	26,409,209	2,919,236	4,858,451	1,055,415	1,638,115	43,954	45,201,599
2010	9,070,564	26,270,382	2,117,054	4,722,679	808,788	1,246,282	269,934	44,505,683
2011	8,470,321	22,620,407	1,249,546	4,138,183	648,183	1,277,626	142,218	38,546,484

Note: Includes all governmental fund types under modified accrual accounting

Sources: Township annual financial statements

Charter Township of Waterford

Financial Trend Information General Fund Balance Compared to Annual Expenditures Last Ten Years (Unaudited)

Fiscal Year	Nonspendable Fund Balance	Reserved/Restricted Fund Balance	Unreserved/ Unrestricted Fund Balance	Annual Expenditures and Transfers	Unreserved/ Unrestricted Fund Balance as a Percentage of Expenditures
2002	\$ -	\$ 140,412	\$ 2,322,497	\$ 23,095,019	10.06
2003	-	-	764,627	23,212,395	3.29
2004	-	-	1,347,204	21,384,170	6.30
2005	-	-	1,885,305	21,247,096	8.87
2006	-	-	1,365,898	22,725,374	6.01
2007	-	-	1,737,438	21,904,553	7.93
2008	-	-	2,076,456	22,584,015	9.19
2009	-	-	2,254,966	21,696,984	10.39
2010	-	131,037	1,481,735	21,719,846	6.82
2011	41,258	-	2,496,157	19,315,121	12.92

Note: In 2011, the Township adopted GASB Statement No. 54 which changed fund balance classifications from reserved and unreserved to nonspendable, restricted, and unrestricted.

Source: Township annual financial statements

Charter Township of Waterford

Taxable Value by Property Type (1)

Real Property

Tax Year	Residential	Commercial	Industrial	Agricultural and Other (2)	Personal	Total Value
2002	\$ 1,670,148,742	\$ 369,627,586	\$ 24,345,490	\$ 1,835,760	\$ 115,308,430	\$ 2,181,266,008
2003	1,749,878,017	391,207,486	24,995,290	1,863,250	104,792,550	2,272,736,593
2004	1,847,604,772	406,505,656	25,447,140	1,906,060	105,809,290	2,387,272,918
2005	1,944,638,194	427,990,950	27,655,360	1,906,060	94,325,738	2,496,516,302
2006	2,046,492,471	432,424,770	28,434,040	-	93,628,050	2,600,979,331
2007	2,137,418,630	450,182,860	29,799,090	-	94,781,830	2,712,182,410
2008	2,125,112,404	457,052,630	30,686,570	-	93,298,920	2,706,150,524
2009	2,057,927,750	467,377,280	29,925,940	-	93,236,790	2,648,467,760
2010	1,690,296,870	445,073,830	26,411,480	-	98,766,690	2,260,548,870
2011	1,471,957,090	420,006,400	18,957,670	-	85,181,300	1,996,102,460

- (1) Under Michigan law, the revenue base is taxable value. Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.
- (2) Under Michigan law, in a change in 2006, agricultural land was no longer paid; thus, land value reclassified to commercial.

Source: Township assessing department records

Revenue Capacity Information
Assessed Value and Actual Value of Taxable Property
Last Ten Years (Unaudited)

Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a Percent of Total
10.27	\$ 5,420,599,136	40.24
10.27	5,820,022,586	39.05
10.31	6,156,606,896	38.78
10.29	6,334,238,440	39.42
10.29	6,505,309,618	39.98
10.29	6,610,412,160	41.03
10.29	6,313,830,340	42.86
10.39	5,826,266,740	45.46
10.89	4,713,453,340	47.96
10.89	4,100,734,760	48.68

Charter Township of Waterford

Tax Year	Millage Rates - Direct Township Taxes			Overlapping Taxes				
	General Operating (1)	Debt	Total Direct Taxes	County Combined (4)	Community College	Intermediate School District	School - Principal (3)	School - Nonprincipal (3)
2002	9.8719	0.4000	10.2719	4.6523	1.6090	3.4224	9.1700	27.1700
2003	9.8719	0.4000	10.2719	4.6497	1.5983	3.3991	8.6700	26.6700
2004	9.9074	0.4000	10.3074	4.6476	1.5889	3.3789	9.6700	27.6700
2005	9.8910	0.4000	10.2910	4.6461	1.5844	3.3690	9.6700	27.6700
2006	9.8910	0.4000	10.2910	4.6461	1.5844	3.3690	9.6700	27.6700
2007	9.8910	0.4000	10.2910	4.6461	1.5844	3.3690	9.6700	27.6700
2008	9.8910	0.4000	10.2910	4.7461	1.5844	3.3690	9.6700	27.6700
2009	9.8910	0.5000	10.3910	4.7461	1.5844	3.3690	9.6700	27.6700
2010	10.3896	0.5000	10.8896	4.7461	1.5844	3.3690	11.2200	29.2200
2011	10.3896	0.5000	10.8896	4.7461	1.5844	3.3690	11.8500	29.8500

(1) Includes general operating, fire, police, library, and police and fire building debt taxes

(2) Previously termed homestead and non-homestead

(3) School rates are based on the Waterford School District, which services a vast majority of the Township's land area

(4) Combined rate includes County operating, County Parks and Recreation, Huron Clinton Metro Authority, and Zoo Authority

Source: Township treasurer's office records

**Direct and Overlapping Property Tax Rates
Last Ten Years (Unaudited)**

Total Tax Rate (2)

<u>Principal</u>	<u>Nonprincipal</u>
29.1256	47.1256
28.5890	46.5890
29.5928	47.5928
29.5605	47.5605
29.5605	47.5605
29.5605	47.5605
29.6605	47.6605
29.7605	47.7605
31.8091	49.8091
32.4391	50.4391

Charter Township of Waterford

Revenue Capacity Information Principal Property Taxpayers Ten-year Comparison (Unaudited)

Taxpayer	Type of Business	2011 Taxable Value	Percentage of Total	2002 Taxable Value	Percentage of Total	2002 Rank
1 Detroit Edison	Utility	\$ 26,816,010	1.34	\$ 20,777,500	0.95	1
2 General Motors	Manufacturing	10,059,760	0.50	12,911,610	0.59	3
3 Cass Lake Shore Apt.	Apartment	8,747,760	0.44	7,664,220	0.35	6
4 Rivers Edge Apt.	Apartment	7,896,430	0.40	7,422,160	0.34	7
5 Meijer	Retail	7,504,610	0.38	7,366,030	0.34	8
6 Rite Aid	Retail	6,918,820	0.35	5,693,400	0.26	-
7 Village Green	Apartment	6,645,110	0.33	5,246,590	0.24	-
8 Consumers Energy	Utility	6,036,930	0.30	10,601,350	0.49	5
9 Kmart Corp. (Regency Centers)	Retail	5,219,830	0.26	5,741,600	0.27	-
10 Summit Place Mall	Retail	3,657,240	0.18	15,529,300	0.71	2
Total		\$ 89,502,500	4.48	\$ 98,953,760	4.54	
Total Township taxable value		\$ 1,996,102,460		\$ 2,181,266,008		

Source: Township assessing department records

Charter Township of Waterford

Property Tax Levies and Collections Ten-year Comparison (Unaudited)

Fiscal Year	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected	Delinquent Tax Receivable
2002	\$ 22,385,567	\$ 20,837,211	93.08	\$ 1,385,034	\$ 22,222,245	99.27	(1)
2003	23,351,686	21,833,102	93.50	1,403,832	23,236,934	99.51	(1)
2004	24,583,756	22,834,339	92.88	1,601,536	24,435,875	99.40	\$ 463,904
2005	25,485,596	23,700,073	92.99	1,757,077	25,457,150	99.89	588,556
2006	26,734,270	23,782,945	88.96	1,941,163	25,724,108	96.22	592,432
2007	27,823,546	25,846,835	92.90	1,977,823	27,824,658	100.00	298,298
2008	27,827,874	25,755,435	92.55	2,004,352	27,759,787	99.76	256,398
2009	27,391,906	25,350,622	92.55	1,926,850	27,277,472	99.58	197,208
2010	24,468,429	22,807,481	93.21	1,630,982	24,438,463	99.88	72,706
2011	21,541,187	20,061,285	93.13	1,406,240	21,467,525	99.66	77,752

(1) Not available

Source: Township Treasurer's Office records/Treasurer's settlement Ad Valorem

Charter Township of Waterford

	2002	2003	2004	2005
Governmental Activities				
General obligation bonds	\$ 13,905,000	\$ 13,335,000	\$ 13,185,000	\$ 14,630,000
Installment purchase agreements	-	-	-	-
Special assessment bonds	673,000	569,000	470,000	380,000
Revenue bonds	-	-	-	-
Capital leases	-	-	-	-
Total	14,578,000	13,904,000	13,655,000	15,010,000
Business-type Activities				
General obligation bonds	12,300,000	12,050,000	4,835,000	4,665,000
Installment purchase agreements	-	-	-	-
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Capital leases	-	-	-	-
Total	12,300,000	12,050,000	4,835,000	4,665,000
Total debt of the government	<u>\$ 26,878,000</u>	<u>\$ 25,954,000</u>	<u>\$ 18,490,000</u>	<u>\$ 19,675,000</u>
Total taxable value	\$ 2,181,266,008	\$ 2,272,736,593	\$ 2,387,272,918	\$ 2,496,516,302
Ratio of total debt to taxable value	1.23%	1.14%	0.77%	0.79%
Total population	72,192	71,713	71,234	71,082
Total debt per capita	\$ 372	\$ 362	\$ 260	\$ 277
Per capita personal income	(1)	(1)	(1)	(1)
Ratio of debt to personal income	(1)	(1)	(1)	(1)

(1) Not available

Source: Township annual financial statements; population data reported from demographics schedule

**Debt Capacity Information
Ratios of Outstanding Debt
Last Ten Fiscal Years (Unaudited)**

2006	2007	2008	2009	2010	2011
\$ 14,175,000	\$ 13,745,000	\$ 13,095,000	\$ 12,485,000	\$ 10,995,000	\$ 9,625,000
-	-	-	-	-	-
290,000	200,000	110,000	20,000	10,000	-
-	-	-	-	-	-
-	-	-	-	-	-
14,465,000	13,945,000	13,205,000	12,505,000	11,005,000	9,625,000
4,485,000	6,151,308	14,577,085	15,471,528	16,529,634	18,263,706
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,485,000	6,151,308	14,577,085	15,471,528	16,529,634	18,263,706
<u>\$ 18,950,000</u>	<u>\$ 20,096,308</u>	<u>\$ 27,782,085</u>	<u>\$ 27,976,528</u>	<u>\$ 27,534,634</u>	<u>\$ 27,888,706</u>
\$ 2,600,979,331	\$ 2,712,182,410	\$ 2,706,150,524	\$ 2,648,467,760	\$ 2,260,548,870	\$ 1,996,102,460
0.73%	0.74%	1.03%	1.06%	1.22%	1.40%
72,444	68,258	74,277	70,678	70,749	71,798
\$ 262	\$ 294	\$ 374	\$ 396	\$ 389	\$ 388
(1)	(1)	(1)	28,387	28,518	29,401
(1)	(1)	(1)	1.39%	1.36%	1.32%

Charter Township of Waterford

Debt Capacity Information Ratios of General Bonded Debt Outstanding Last Ten Years (Unaudited)

Fiscal Year	General Obligation Bonds	Tax-supported Bonds (1)	Less Pledged Debt Service Funds	Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt per Capita
2002	\$ 955,000	\$ 12,950,000	\$ 370,741	\$ 13,534,259	\$ 2,181,266,008	0.62	72,192	\$ 187
2003	710,000	12,625,000	336,053	12,998,947	2,272,736,593	0.57	71,713	181
2004	935,000	12,250,000	305,245	12,879,755	2,387,272,918	0.54	71,234	181
2005	2,805,000	11,825,000	286,406	14,343,594	2,496,516,302	0.57	71,082	202
2006	2,825,000	11,350,000	294,628	13,880,372	2,600,979,331	0.53	72,444	192
2007	2,920,000	10,825,000	328,023	13,416,977	2,712,182,410	0.49	68,258	197
2008	2,845,000	10,250,000	362,295	12,732,705	2,706,150,524	0.47	74,277	171
2009	2,885,000	9,515,000	79,879	12,320,121	2,648,467,760	0.47	70,678	174
2010	2,250,000	8,745,000	331,124	10,663,876	2,260,548,870	0.47	70,749	151
2011	1,740,000	7,885,000	349,877	9,275,123	1,996,102,460	0.46	71,798	129

Note: General obligation bonds reported in the Water and Sewer Fund with government commitment and special assessment bonds have been excluded.

(1) Original bonds represented debt issued for construction of the police and fire buildings. Refunding bonds were issued in 2009.

Source: Township annual financial statements

Charter Township of Waterford

Direct and Overlapping Debt Year Ended December 31, 2011 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percent Applicable to Waterford	Estimated Share of Overlapping Debt
Oakland County	\$ 91,434,460	3.92	\$ 3,584,231
School districts:			
Waterford School District	96,825,000	86.68	83,927,910
Pontiac School District	22,939,000	1.86	426,665
Clarkston School District	180,505,035	2.00	3,610,101
Oakland Community College	5,075,000	3.95	200,463
Intermediate School District	<u>63,250,000</u>	3.93	<u>2,485,725</u>
Total overlapping debt	460,028,495		94,235,095
Direct Township debt	<u>11,005,000</u>	100.00	<u>11,005,000</u>
Total direct and overlapping debt	<u>\$ 471,033,495</u>		<u>\$ 105,240,095</u>

Note: The percentage of overlapping bonded debt related to each governmental unit was established using the taxable value of assessed property. Percentages were estimated by calculating the portion of each governmental unit's taxable property located within the boundaries of the Township and dividing it by the unit's total taxable value.

Source: Municipal Advisory Council of Michigan

Charter Township of Waterford

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Calculation of Debt Limit (I)				
State equalized valuation	\$ 2,710,299,568	\$ 2,910,011,293	\$ 3,078,303,448	\$ 3,167,119,220
Debt limit (10% of equalized value)	271,029,957	291,001,129	307,830,345	316,711,922
Calculation of Debt Subject to Limit				
Total debt	26,878,000	25,954,000	18,318,479	19,675,000
Special assessment bonds	673,000	569,000	470,000	380,000
Enterprise Fund bonds	<u>12,300,000</u>	<u>12,050,000</u>	<u>4,835,000</u>	<u>4,665,000</u>
Net debt subject to limit	<u>13,905,000</u>	<u>13,335,000</u>	<u>13,013,479</u>	<u>14,630,000</u>
Legal debt margin	<u>\$ 257,124,957</u>	<u>\$ 277,666,129</u>	<u>\$ 294,816,866</u>	<u>\$ 302,081,922</u>
Net debt subject to limit as percentage of debt limit	5.41%	4.80%	4.41%	4.84%

(I) The legal debt limit continues to be derived from state equalized value (SEV), not taxable value (TV).

Source: Township annual financial statements

Debt Capacity Information
Legal Debt Margin
Last Ten Fiscal Years (Unaudited)

2006	2007	2008	2009	2010	2011
\$ 3,252,654,809	\$ 3,305,206,080	\$ 3,156,915,170	\$ 2,913,133,370	\$ 2,356,726,670	\$ 2,050,367,380
325,265,481	330,520,608	315,691,517	291,313,337	235,672,667	205,036,738
18,950,000	20,096,308	27,782,085	27,976,528	27,534,634	27,888,706
290,000	200,000	110,000	20,000	10,000	-
<u>4,485,000</u>	<u>6,151,308</u>	<u>14,577,085</u>	<u>15,471,528</u>	<u>16,529,634</u>	<u>18,263,706</u>
<u>14,175,000</u>	<u>13,745,000</u>	<u>13,095,000</u>	<u>12,485,000</u>	<u>10,995,000</u>	<u>9,625,000</u>
<u>\$ 311,090,481</u>	<u>\$ 316,775,608</u>	<u>\$ 302,596,517</u>	<u>\$ 278,828,337</u>	<u>\$ 224,677,667</u>	<u>\$ 195,411,738</u>
4.56%	4.34%	4.33%	4.48%	4.89%	4.93%

Charter Township of Waterford

Demographic and Economic Information Demographic and Economic Statistics Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population	Personal Income (in thousands)	Estimated Number of Households	Per Capita Personal Income	Median Age	Unemployment Rate
2002	72,192 (2)	(1)	(1)	(1)	(1)	(1)
2003	71,713 (2)	(1)	(1)	(1)	(1)	(1)
2004	71,234 (3)	(1)	(1)	(1)	(1)	(1)
2005	71,082 (3)	(1)	(1)	(1)	(1)	(1)
2006	72,444 (4)	(1)	30,589	\$ 26,676	41.0	(1)
2007	68,258 (5)	(1)	29,145	29,763	40.6	9.8
2008	74,277 (6)	(1)	31,317	27,366	39.0	8.1
2009	70,678 (7)	\$ 2,006,336	29,316	28,387	41.0	7.9
2010	70,749 (8)	2,017,620	29,140	28,518	38.8	9.0
2011	71,798 (9)	2,110,933	29,892	29,401	39.1	9.3

- (1) Not available
- (2) Population estimate based on straight-line amortization between 2000 U.S. Census figures and SEMCOG estimate for 2004
- (3) Southeast Michigan Council of Governments Information Services estimate
- (4) 2005 Census Department - American Community Survey Data Profile Review
- (5) 2006 Census Department - American Community Survey Data Profile Review
- (6) 2007 Census Department - American Community Survey Data Profile Review
- (7) 2008 Census Department - American Community Survey Data Profile Review
- (8) 2009 Census Department - American Community Survey Data Profile Review
- (9) 2010 Census Department - American Community Survey Data Profile Review

Charter Township of Waterford

Principal Employers (Unaudited)

Taxpayer	Enterprise	2011 Employees (2)	Percentage of Total	2002 Employees	Percentage of Total
1 Waterford School District	Education	1,407	6.7%	(1)	(1)
2 Oakland County	Government	1,350	6.4%	(1)	(1)
3 Road Commission for Oakland County	Transportation	423	2.0%	(1)	(1)
4 Township of Waterford	Government	261	1.2%	(1)	(1)
5 Oakland Intermediary Schools	Education	254	1.2%	(1)	(1)
6 Meijer	Retail	243	1.2%	(1)	(1)
7 Pantastar Aviation	Air transportation	227	1.1%	(1)	(1)
8 Canterbury Healthcare, Inc.	Nursing care	220	1.0%	(1)	(1)
9 Kmart Corporation	Retail	175	0.8%	(1)	(1)
10 Oakland Community College	Education	<u>162</u>	0.8%	(1)	(1)
Total		<u>4,722</u>		<u>(1)</u>	
Total Township employment (3)		<u>21,097</u>		<u>(1)</u>	

(1) Not available

(2) Data is from various sources

(3) Southeast Michigan Council of Governments Regional Data

Charter Township of Waterford

Operating Information Full-time Equivalent Government Employees (1) Last Ten Fiscal Years (Unaudited)

Department	2002	2003	2004	2005	2006	2007	2008	2009	2010 (5)	2011
Supervisor/Assessing	10	10	9	9	9	9	9	9	7	6
Clerk's office	7	7	6	6	6	6	6	6	6	5
Treasurer's office	7	7	7	7	7	7	7	6	6	6
Fiscal and human resources	4	4	3	3	3	3	3	2	2	2
51st District Court	35	35	35	31	31	31	31	30	25	25
Planning and development	15	15	14	12	9	8	7	7	6	5
Information systems	4	4	4	4	5	5	4	5	4	3
Facilities and operations (2)	12	12	11	10	10	10	10	10	8	8
Building and engineering	16	16	11	10	10	10	10	9	9	9
Parks and recreation (4)	13	13	14	13	13	13	13	12	10	9
Police department	117	117	112	107	104	99	99	99	71	64
Fire department (3)	56	69	69	68	68	67	68	71	67	64
Library	20	20	20	20	21	21	21	20	19	13
Water and sewer (2)	51	52	54	54	51	51	51	50	43	42
Hess-Hathaway Farm (4)	1	1	-	-	-	-	-	-	-	-
CAI building (4)	3	3	-	-	-	-	-	-	-	-
Total	<u>371</u>	<u>385</u>	<u>369</u>	<u>354</u>	<u>347</u>	<u>340</u>	<u>339</u>	<u>336</u>	<u>283</u>	<u>261</u>

- (1) Full-time employees reported only; data is not available for equivalent part-time position.
- (2) From 2002 to 2003, the facilities and operations and water and sewer divisions for the Department of Public Works shared an administrative position.
- (3) The Township residents approved a .63 millage increase in 2002 to add 13 paramedics for an additional EMS unit.
- (4) In 2004, all operations and staff assigned to the CAI and Hess-Hathaway farm were moved into the parks and recreation department.
- (5) Numbers reflect retirement of 20 employees on December 31, 2010 (court - 3, police - 15, fire - 1, water and sewer - 1)

Source: Township personnel records

Charter Township of Waterford

Function/Program	2002	2003	2004	2005
Police:				
Physical arrests	2,601	2,245	2,367	2,023
Traffic violations	16,235	10,840	10,290	11,288
Non-traffic misdemeanors	1,338	1,175	947	810
Non-traffic civil infractions	50	164	385	357
Fire:				
Emergency responses	4,408	5,108	4,777	5,009
Fires extinguished	201	220	167	173
Inspections	(1)	(1)	(1)	572
Parks and recreation - Recreation programs (estimated)				
	588	638	690	676
Library:				
Circulation (books borrowed)	383,613	368,557	315,009	357,064
Collection volume	121,338	126,965	132,262	141,518
Visits - Walk-ins	(1)	(1)	(1)	(1)
Visits - Website	(1)	(1)	(1)	(1)
Water:				
New connections (2)	292	160	165	156
Water main breaks	42	49	25	27
Total consumption (billed cubic feet)	399,388,813	390,076,683	374,382,629	388,727,883
Average annual consumption per customer (gallons)	87,546	73,843	68,068	70,582

(1) Information not available

(2) 2005 and forward reflect a change in source of data

Source: Township departmental operational reports

Operating Information
Operating Indicators
Last Ten Fiscal Years (Unaudited)

2006	2007	2008	2009	2010	2011
2,668	2,144	2,231	1,832	1,492	1,614
8,437	8,792	9,700	10,160	6,359	4,935
761	614	702	704	527	463
417	297	952	611	272	374
5,060	5,540	5,799	5,819	5,953	6,080
170	186	154	137	166	147
522	393	1,751	1,107	948	550
703	729	768	782	795	783
375,251	395,904	388,866	412,284	401,022	366,837
137,744	174,029	177,766	158,316	177,320	165,989
(1)	264,453	287,965	308,638	297,142	259,155
(1)	252,019	272,215	227,856	144,139	148,731
135	70	113	101	67	70
19	13	16	27	15	28
373,262,721	381,132,096	353,426,861	320,941,837	316,715,587	309,809,655
68,545	69,055	65,953	60,536	59,339	58,442

Charter Township of Waterford

Operating Information Capital Asset Statistics (Unaudited)

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	30	32	31	31	31	31	31	45	51	52
Fire:										
Stations	5	5	5	5	5	5	5	5	5	5
Trucks	10	12	13	15	15	15	15	15	14	14
Parks and recreation:										
Acreage	679	684	684	684	684	684	684	709	714	854
Playgrounds	8	9	9	8	8	9	9	8	8	8
Soccer fields	6	6	6	6	6	6	6	6	6	7
Baseball/Softball diamonds	13	13	13	13	13	13	13	13	14	13
Libraries - Branches	2	2	2	2	2	2	2	2	2	1
Water:										
Mains (miles)	(1)	(1)	(1)	332	350	350	350	350	350	350
Fire hydrants	(1)	(1)	(1)	3,447	3,500	3,500	3,500	3,500	3,500	3,500
Storage capacity (millions of gallons)	8.25	8.25	8.25	8.25	8.25	8.50	8.50	8.50	8.50	8.50
Sewer - Miles of sanitary sewers	(1)	(1)	(1)	332	350	350	350	350	350	350

(1) Information not available

Source: Department correspondence