Charter Township of Waterford
Oakland County, Michigan

Financial Report
with Supplemental Information
December 31, 2012

Charter Township of Waterford, Michigan

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WATERFORD TOWNSHIP

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June 11, 2013

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, 2012. 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.

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.

The Canadian National (formerly the Grand Trunk) Railroad traverses the Township from Southeast to Northwest. The railroad provides shipping access to several Township businesses.

Within the Township there is significant retail and service industry capacity that can provide a substantial employment base; the Township is pursuing incentive programs that should help to revitalize the declining number of retail and service establishments and provide an increase to the employment base over the next five to ten years. 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. The Township's water and sewer system can support the economic growth of the community.

Although Waterford is primarily a residential community 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

Commercial and residential development within Waterford Township has suffered significantly from the economic downturn and high unemployment levels in southeastern Michigan over the past few years. Over the past several years the high number of vacant and foreclosed homes in the Township, combined with the unwillingness of banks to loan money had driven the value of existing properties down to a point where it was no longer financially viable to construct new homes or commercial developments. This trend appears to be reversing. Most of the vacant and foreclosed properties have been resold and are no longer holding the market down. Existing homes are selling quickly and the prices of these available homes appear to be increasing at a significant rate. Private home builders are once again applying for Building Permits for vacant lots. Waterford Township issued as many Building Permits for single family homes in 2012 as it did in the preceding two years combined.

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
2012	16	0	3	389
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

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 trying economic environment of the nation and the state. The County had an annual

Area Demographics (continued)

unemployment rate of 10.2 percent for 2011, which declined to 9.1 percent for 2012. In December of 2012 the County had a monthly unemployment rate of 8.6 percent, while the Township had a rate of 8.8 percent unemployment. Future job growth will be dependent on the economic recovery efforts at both the state and federal levels.

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, in December for use and implementation for the subsequent year. The Township's fiscal year is January through December. Budget preparation begins in the summer of each year. Departments and Financial Staff 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.

Internal and Budgetary Control (continued)

Another safeguard is that separate individuals in different departments are charged with reconciling cash statements and transferring funds respectively. Key financial functions are separated to build in safeguards.

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 Township has both of its Pension Funds and Retiree Health Care Trust Valuated by its Actuaries to both stay in reporting compliance and to use in and report on its long-term legacy costs.

The dramatic decline in property values continued through 2012. Property values for 2013 are projected to stabilize and rise slowly over time. The Headlee Amendment will 'dampen' any revenue gains the Township will see going forward in the short and intermediate future. Library and a Fire Millages were renewed in 2012. A 2014 Police Renewal will be vital to our long range plans and the ability to provide services.

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 began implementing Michigan PA 152 in August 2012. This Act relates to health care costs. The Township is implementing the most fiscally conservative option under PA 152. 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. Most employee group new hires are now enrolled in a Defined Contribution Retirement System. These new Systems are more closely aligned with private-sector benefit offerings and are expected to help the Township in its long-range planning.

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 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.

Risk Management (continued)

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.

By taking on more risk and self-insuring, the Township has realized substantial saving. This also requires the Township to be mindful to have adequate reserves in the event that loss events occur. This is especially challenging in a recession/post-recession environment.

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 it's 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.

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, 2011. 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,

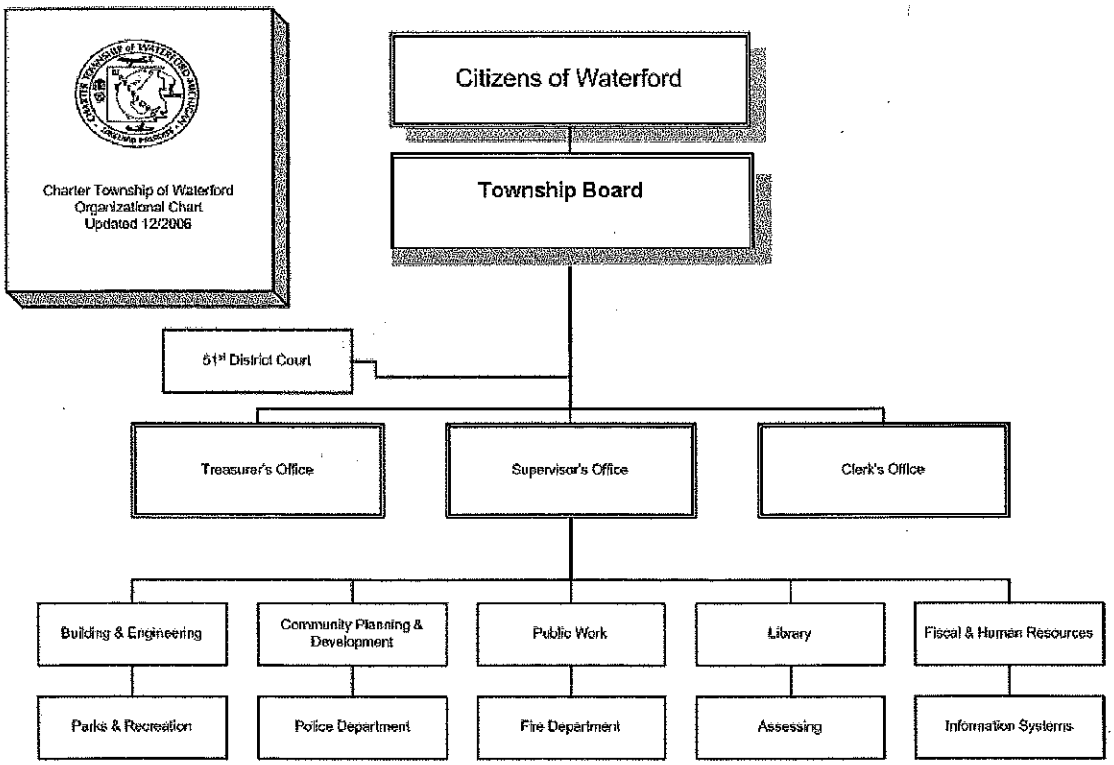
Gary Wall
Township Supervisor

Sue Camilleri
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, 2011

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.

President

Executive Director

Charter Township of Waterford
List of Principal Officials
Year Ended December 31, 2012

Supervisor's Office	
Supervisor	Gary Wall
Clerk's Office	
Clerk	Sue Camilleri
Deputy Clerk	Kari L. Vlaeminck
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	Ronald R. Spears
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	William A. Fritz
Water and Sewer Superintendent	David McKee
Administrative Superintendent	Derek Diederich
Facilities and Operations Superintendent	David M. Papke

Charter Township of Waterford
Labor Agreements
Year Ended December 31, 2012

Bargaining Unit	Expiration Date	Number of Employees
Michigan Association of Police - Represents police officers and crime scene investigators	12/31/2016	36
Command Officers Association of Michigan - Represents police sergeants and lieutenants	12/31/2012	12
International Association of Firefighters - Represents all firefighting personnel	12/31/2015	103
Michigan Association of Police - Represents dispatchers	12/31/2015	11
Teamsters State, County, and Municipal Workers - Represents clerical, public works employees, building inspectors, and ordinance officers	12/31/2015	106

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

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, the discretely presented component units, and the remaining fund information of the Charter Township of Waterford (the "Township") as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the discretely presented component units, and the remaining fund information of the Township as of December 31, 2012 and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township's basic financial statements. The combining statements, agency fund schedule of changes in assets and liabilities, and Veterans' Memorial Fund fund-based statements, as identified in the table of contents as other supplemental information, and introductory section, nonmajor budgetary comparison schedules, and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining statements, agency fund schedule of changes in assets and liabilities, and Veterans' Memorial Fund fund-based statements, as identified in the table of contents as other supplemental information, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, agency fund schedule of changes in assets and liabilities, and Veterans' Memorial Fund fund-based statements, as identified in the table of contents as other supplemental information, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

The introductory section, nonmajor budgetary comparison schedules, and statistical section have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2013 on our consideration of the Township'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 an opinion 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* in considering the Township's internal control over financial reporting and compliance.

Plante & Moran, PLLC

June 11, 2013

Financial Highlights

The following represents the most significant financial highlights for the year ended December 31, 2012.

- Total 2012 General Fund revenue was approximately $148,000 below 2011 revenue. Decreased revenue was primarily due to reduced property taxes and court fines and fees. 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 $48,355. Property taxes continue to be the largest source of revenue (39.06 percent of all General Fund revenue). Declines in property tax revenue are expected to level off in the short run. However, personal property tax revenue may very well decline based on the recent discussion occurring in the state legislature.

- State-shared revenue and grants, despite dramatic cuts over the past 10 years, remains our second largest revenue source. During the Township's 2012 fiscal year, state revenue sources increased $430,762 (8.2 percent) when compared to 2011. State revenue sharing is $2,121,316 below the amount received in 2001, which is a loss of 27.82 percent.

- Revenue from district court fees and fines decreased $186,746 (13.31 percent) from the previous year. 2012 district court fines and fees revenue was $1,231,735 below the 2004 amount. This is a reduction of 50.30 percent over the past eight years.

- General Fund expenditures and operating transfers out for fiscal year 2012 were less than 2011 - declining by approximately $132,000.

- The unassigned General Fund fund balance at year end was $1,872,425. During fiscal year 2012, the General Fund fund balance increased a modest $168,538. This constitutes 9.8 percent of total 2012 General Fund expenses and transfers. Our minimum fund balance target is 15 percent.

- The Police Fund fund balance increased by $402,355 in fiscal year 2012. Staff reductions within the police department were the primary driver.

- The Fire Fund fund balance increased by $39,887 in fiscal year 2012. In 2009, the fire department began patient transport and invested in additional staffing and equipment. In 2012, 2011, and 2010, the department was able to recover some of the investment via fees charged for transport services. In 2012, the fire department began providing fire suppression services for the City of Pontiac. The new revenue helped offset losses and property tax revenues. The fire department continues to look to grant opportunities to augment its service levels.

Using this Annual Report

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

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

The Township as a Whole

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

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Assets						
Other assets	$ 37.7	$ 39.2	$ 19.6	$ 21.5	$ 57.3	$ 60.7
Capital assets	54.8	55.5	90.1	90.6	144.9	146.1
Total assets	92.5	94.7	109.7	112.1	202.2	206.8
Liabilities						
Current liabilities	23.8	24.5	2.0	2.5	25.8	27.0
Long-term liabilities	24.3	27.4	20.4	22.1	44.7	49.5
Total liabilities	48.1	51.9	22.4	24.6	70.5	76.5
Net Position						
Net investment in capital assets	45.1	47.3	71.9	71.3	117.0	118.6
Restricted	5.4	5.2	2.2	2.1	7.6	7.3
Unrestricted (deficit)	(6.1)	(9.7)	13.2	14.1	7.1	4.4
Total net assets	**$ 44.4**	**$ 42.8**	**$ 87.3**	**$ 87.5**	**$ 131.7**	**$ 130.3**

The Township's combined net position reduced in 2012. The governmental activities portion of net position decreased approximately $1.6 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 4.41 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 position during the current year in comparison to the prior year.

Total revenue for governmental activities in 2012 increased by $5.5 million from the 2011 fiscal year. The largest decline was in property taxes, a 12 percent reduction from 2011. The largest increase was the Pontiac fire service contract for $6.2 million included in charges for services.

Governmental expenses were up $4.3 million in 2012. This change was due primarily to the Pontiac fire services.

In the business-type activities (Water and Sewer Fund), revenue was up $1.9 million. This was due to customer demand changes and home occupancy rates, as well as a dry hot summer.

The Water and Sewer Fund saw its overall cash position increase in 2012 compared to 2011. The Water and Sewer Fund increased its year-end cash position by slightly over $2,000,000 in fiscal year 2012 compared to 2011. 2012 was a positive year for water-sewer, but the overall cash position is still lower than desired.

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Revenue						
Program revenue:						
Charges for services	$ 7.7	$ 13.8	$ 17.0	$ 18.5	$ 24.7	$ 32.3
Operating grants and contributions	1.8	1.0	-	0.4	1.8	1.4
Capital grants and contributions	-	0.9	0.1	0.1	0.1	1.0
General revenue:						
Property taxes	24.6	21.6	-	-	24.6	21.6
State-shared revenue	5.1	5.5	-	-	5.1	5.5
Unrestricted investment earnings	0.1	0.1	0.1	0.1	0.2	0.2
Cable franchise fees	0.9	1.0	-	-	0.9	1.0
Miscellaneous	0.1	0.2	-	-	0.1	0.2
Special item - Contribution	-	1.7	-	-	-	1.7
Total revenue	40.3	45.8	17.2	19.1	57.5	64.9
Program Expenses						
General government	6.7	6.9	-	-	6.7	6.9
Public safety:						
Fire and police	24.7	29.9	-	-	24.7	29.9
Building inspection	1.2	1.5	-	-	1.2	1.5
Public works	0.7	0.8	-	-	0.7	0.8
District Court	2.4	2.3	-	-	2.4	2.3
Community and economic development	2.2	1.6	-	-	2.2	1.6
Recreation and culture	4.9	4.1	-	-	4.9	4.1
Interest on long-term debt	0.3	0.3	-	-	0.3	0.3
Water and sewer	-	-	18.5	18.9	18.5	18.9
Total program expenses	43.1	47.4	18.5	18.9	61.6	66.3
Change in Net Position	**$ (2.8)**	**$ (1.6)**	**$ (1.3)**	**$ 0.2**	**$ (4.1)**	**$ (1.4)**

Governmental Activities

The Township's governmental revenue totaled approximately $45.8 million, with the greatest revenue source being property taxes. Property taxes made up approximately 47.2 percent of total governmental revenue in 2012. That percentage is down from approximately 61 percent of total governmental revenue in 2011. The Pontiac fire service contract has changed the Township's revenue proportions. 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 through 2012. Going forward, modest increases are expected in the housing market. However, the Headlee Amendment will limit revenue growth for the Township to 5 percent or inflation, whichever is lower. Inflation is expected to be 2 percent per year in 2014 and 2015 according to recent studies.

Total 2012 governmental expenses for the Township were approximately $47.4 million. Of this, 63.1 percent of all expenses were in the area of police and fire service; the same ratio in 2011 was 57.3 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 through its water treatment and pumping facilities. 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. Traditionally, 40 to 50 percent of the average residential sewer bill in Waterford is sent to Oakland and Detroit for their services.

System revenue is primarily from fees paid by customers based on use. User fees made up approximately 97 percent of all revenue in 2012.

The business-type activities expenses totaled approximately $18.9 million in 2012. Slightly more than $6.9 million was 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 with the balance sheet presentation 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 2012 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 $5.65 million to the Police Fund and $1.90 million to the Fire Fund in 2012.

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. Some of these services are mandated (tax collections, elections, and court), some are not mandated (parks and recreation and leisure activities).

The Township's General Fund's year-end fund balance is $2,705,953, of which only $1,872,425 is unassigned. A total of $2,705,953 represents approximately 14.1 percent of 2012's annual expenditures and net transfers to other funds. Due to an accounting rule change in 2011, two funds, Workers' Compensation (fund balance of $661,224) and Cemetery Care (fund balance of $131,900) are now included in the General Fund. When subtracting those two funds out of the General Fund, the General Fund's fund balance at year end represented 9.7 percent of its annual expenditures in 2012. This is the level that Township planners believe is a more realistic representation of the General Fund's available balance. Workers' compensation and cemetery care are set aside for specific purposes. This level of fund balance is below the recommended minimum 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 $5.6 million from the Township's General Fund and an additional $5,823,435 in special millage revenue for 2012, a 12.33 percent reduction from 2011. The department receives a small amount of its revenue from fees, grants, and interest on investments.

Over fiscal year 2012, the Police Fund balance modestly increased by $402,355. This change was due primarily to reduction in staff over traditional levels and foregoing some projects. The police department employed five fewer staff in 2012 than it did in 2011 and 36 fewer in 2012 than in 2010.

Fire Fund

The Fire Fund covers the operations of fire prevention, suppression, and emergency medical services. In 2012, the department received $1.9 million from the General Fund and approximately $5.1 million from special millages. In February 2012, Waterford Township began a contract with the City of Pontiac to offer fire service protection for the city. The contract is for 10 years and starts at $6.2 million per year. The Fire Fund's fund balance increased by $39,887. The increase was possible by a larger transfer from the Township's General Fund in 2012.

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 costs from regulations, 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 2012, the Water and Sewer Fund decreased staff by one position and 10.5 positions from 2010. 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. The DPW continues to look for grants and low interest loans to fund capital improvements.

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 level off in 2013 and remain stagnate or increase modestly in 2014. The Headlee Amendment will significantly hamper property tax revenue increases going forward.

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 2012, the General Fund departments reduced staffing by 16 positions after reducing 14.5 positions in 2011. These reductions were accomplished primarily through retirements and attrition. When subtracting out fire employees hired for Pontiac fire service, the Township is at early 1980 employment levels.

Capital Asset and Debt Administration

There was an overall increase in governmental-type capital assets of $875,870, net of depreciation. This was due primarily from Pontiac fire assets.

In business-type activities, the Township added $4,234,816 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 2012 except for refunding bonds.

New debt for 2012 was solely in the business-type activity funds. A modest amount of new debt was added to the Water and Sewer Fund for bonds issued for the Oakland-Macomb Sewer Interceptor.

The Township reduced its governmental activities debt by $1.3 million (13.4 percent of total) in fiscal year 2012. The Township maintains a very low amount of debt. The majority of the debt issued ($6,970,000) is authorized by a vote of the people and supported by a dedicated debt retirement millage. In 2018, the police and fire building debt will be retired.

Declining property values may result in the need to increase the 0.5 mill police and fire debt millage in 2014. In 2009, the Township treasurer went through a process called "refunding of bonds," which is similar to refinancing. This process saved the taxpayers almost $900,000 in interest over the remaining life of the debt issuance. Even with this positive stewardship, declining property values have resulted in the need to most likely raise the debt retirement millage slightly to cover the required annual principal and interest payment. 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.

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. These reductions in funding affect staffing and services. 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 2012 with unemployment declining and housing prices leveling off. Both sales and income taxes are increasing and should bolster state revenue. Property assessments have leveled off. However, sales studies based on prior years result in a lag behind of the improving market. The Headlee Amendment limits increases in property tax revenue going forward.

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 has qualified for this program and plans to comply going forward 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, 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 is implementing a change in retiree health care in 2013 which will help reap savings. This move is estimated to save $300,000 to $400,000 in the first year. Health insurance costs continue to outpace inflation.

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 taking 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 $1.2 million once fully implemented with all employee groups.

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. The patrol officers union agreed to part-time officers as a cost saving measure in 2012. As collective bargaining agreements expired in 2012, the Township expects to negotiate additional cost sharing for employee benefits going forward. Cost reductions for nonunion employees are also expected. Changes in employee health care (current and retiree), conversion to defined contribution retirement plans (private sector 401(k) style), and reduced staffing levels have all helped to maintain the Township's financial wellbeing.

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, Michigan

Statement of Net Position
December 31, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and investments (Note 3)	$ 24,347,922	$ 12,172,720	$ 36,520,642	$ 162,357
Receivables:				
Property taxes receivable	11,638,904	-	11,638,904	-
Receivables from sales to customers on account	-	6,501,738	6,501,738	-
Accrued interest receivable	-	31,421	31,421	-
Due from other governmental units	1,109,128	-	1,109,128	-
Rehabilitation revolving	1,392,067	-	1,392,067	-
Other	145,806	-	145,806	-
Special assessments receivable	383,969	689,304	1,073,273	-
Inventory	65,319	-	65,319	-
Prepaid items	43,870	7,347	51,217	-
Restricted assets (Note 1)	-	2,084,405	2,084,405	-
Capital assets (Note 4):				
Assets not subject to depreciation	27,703,678	6,078,320	33,781,998	-
Assets subject to depreciation	27,932,884	84,578,545	112,511,429	68,291
Total assets	94,763,547	112,143,800	206,907,347	230,648
Liabilities				
Accounts payable	545,647	2,308,101	2,853,748	391
Accrued liabilities and other	1,092,949	177,313	1,270,262	-
Unearned revenue (Note 6)	22,829,093	-	22,829,093	-
Noncurrent liabilities (Note 7):				
Due within one year	3,042,950	1,289,269	4,332,219	-
Due in more than one year	24,401,157	20,846,135	45,247,292	-
Total liabilities	51,911,796	24,620,818	76,532,614	391
Net Position				
Net investment in capital assets	47,298,593	71,328,214	118,626,807	68,291
Restricted for:				
Police	1,190,203	-	1,190,203	-
Debt service	192,496	-	192,496	-
Bike path	117,238	-	117,238	-
Community development	1,489,322	-	1,489,322	-
Library	1,217,137	-	1,217,137	-
Weed control	201,330	-	201,330	-
Nature center	581,723	-	581,723	-
Retiree health care	272,718	-	272,718	-
Capital projects	-	2,084,405	2,084,405	-
Unrestricted (deficit)	(9,709,009)	14,110,363	4,401,354	161,966
Total net position	**$ 42,851,751**	**$ 87,522,982**	**$ 130,374,733**	**$ 230,257**

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

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 6,941,413	$ 2,730,919	$ 56,650	$ -
District Court	2,252,893	1,175,963	-	-
Public safety:				
Fire and police	29,836,433	7,580,204	380,022	548,843
Building inspection	1,499,568	344,960	-	-
Public works	831,566	575,165	-	347,596
Community and economic development	1,662,882	93,411	490,935	-
Recreation and culture	4,138,458	1,289,312	65,358	-
Interest on long-term debt	284,155	-	-	-
Total governmental activities	47,447,368	13,789,934	992,965	896,439
Business-type activities - Enterprise Fund - Water and Sewer Fund	18,872,341	18,518,298	373,980	96,601
Total primary government	**$ 66,319,709**	**$ 32,308,232**	**$ 1,366,945**	**$ 993,040**
Component units:				
Economic Development Corporation	$ 1,010	$ 150	$ -	$ -
Waterford Youth Assistance Corporation	26,486	29,925	12,831	-
Veterans' Memorial Fund	2,550	1,442	-	-
Total component units:	**$ 30,046**	**$ 31,517**	**$ 12,831**	**$ -**
General revenue:				
Property taxes				
State-shared revenue (unrestricted)				
Investment income				
Cable franchise fees (unrestricted)				
Other miscellaneous income				
Total general revenue				
Special Item - Contribution of public safety assets (Note 1)				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

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

Statement of Activities
Year Ended December 31, 2012

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (4,153,844)	$ -	$ (4,153,844)	$ -
(1,076,930)	-	(1,076,930)	-
(21,327,364)	-	(21,327,364)	-
(1,154,608)	-	(1,154,608)	-
91,195	-	91,195	-
(1,078,536)	-	(1,078,536)	-
(2,783,788)	-	(2,783,788)	-
(284,155)	-	(284,155)	-
(31,768,030)	-	(31,768,030)	-
-	116,538	116,538	-
(31,768,030)	116,538	(31,651,492)	-
-	-	-	(860)
-	-	-	16,270
-	-	-	(1,108)
-	-	-	14,302
21,598,342	-	21,598,342	-
5,502,059	-	5,502,059	-
96,075	66,050	162,125	672
978,271	-	978,271	-
237,360	-	237,360	-
28,412,107	66,050	28,478,157	672
1,749,433	-	1,749,433	-
(1,606,490)	182,588	(1,423,902)	14,974
44,458,241	87,340,394	131,798,635	215,283
$ 42,851,751	**$ 87,522,982**	**$ 130,374,733**	**$ 230,257**

Charter Township of Waterford, Michigan

Governmental Funds
Balance Sheet
December 31, 2012

	General Fund	Police Fund	Fire Fund	Nonmajor Governmental Funds	Total
Assets					
Cash and investments (Note 3)	$ 6,720,631	$ 4,926,997	$ 4,676,780	$ 7,874,102	$ 24,198,510
Receivables:					
Property taxes receivable	4,100,052	3,117,958	2,953,583	1,467,311	11,638,904
Special assessments receivable	224,359	-	-	159,610	383,969
Due from other governmental units	957,037	-	-	152,091	1,109,128
Rehabilitation loan receivable	-	-	-	1,392,067	1,392,067
Other	145,806	-	-	-	145,806
Prepaid items	40,404	1,167	1,790	509	43,870
Total assets	**$ 12,188,289**	**$ 8,046,122**	**$ 7,632,153**	**$ 11,045,690**	**$ 38,912,254**
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 127,959	$ 164,890	$ 46,696	$ 202,686	$ 542,231
Accrued liabilities and other	253,644	227,913	354,405	79,166	915,128
Deferred revenue (Note 6)	9,100,733	5,791,096	6,626,861	4,414,209	25,932,899
Total liabilities	9,482,336	6,183,899	7,027,962	4,696,061	27,390,258
Fund Balances					
Nonspendable - Prepaids	40,404	1,167	1,790	509	43,870
Restricted:					
Police	-	-	-	1,190,203	1,190,203
Debt service	-	-	-	192,496	192,496
Bike path	-	-	-	117,238	117,238
Community development	-	-	-	97,255	97,255
Library	-	-	-	1,217,137	1,217,137
Weed control	-	-	-	201,330	201,330
Nature center	-	-	-	581,723	581,723
Retiree health care	-	-	-	272,718	272,718
Assigned:					
Workers' compensation	661,224	-	-	-	661,224
Cemetery care	131,900	-	-	-	131,900
Cable-related activities	-	-	-	457,238	457,238
Police	-	1,861,056	-	-	1,861,056
Fire	-	-	602,401	-	602,401
Community development	-	-	-	200,000	200,000
Capital projects	-	-	-	1,821,782	1,821,782
Unassigned	1,872,425	-	-	-	1,872,425
Total fund balances	2,705,953	1,862,223	604,191	6,349,629	11,521,996
Total liabilities and fund balances	**$ 12,188,289**	**$ 8,046,122**	**$ 7,632,153**	**$ 11,045,690**	**$ 38,912,254**

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

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
December 31, 2012

Fund Balance Reported in Governmental Funds	$	11,521,996
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds		54,489,506
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		3,103,806
Bonds payable are not due and payable in the current period and are not reported in the funds		(8,192,969)
Accrued interest is not due and payable in the current period and is not reported in the funds		(45,933)
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		(1,680,032)
Other postemployment benefit obligation is not reported in the governmental funds		(16,280,234)
Other long-term liabilities do not present a claim on current financial resources and are not reported as fund liabilities		(1,145,872)
Early retirement incentives do not present a claim on current financial resources and are not reported as fund liabilities		(130,000)
Internal service funds are included as part of governmental activities		1,211,483
Net Position of Governmental Activities	**$**	**42,851,751**

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

Charter Township of Waterford, Michigan

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2012

	General Fund	Police Fund	Fire Fund	Nonmajor Governmental Funds	Total
Revenue					
Property taxes	$ 7,551,828	$ 5,823,435	$ 5,105,909	$ 2,739,577	$ 21,220,749
Licenses and permits	302,568	36,051	-	25,639	364,258
Federal grants	-	138,852	11,655	664,827	815,334
State-shared revenue and grants	5,693,828	54,810	548,843	100,842	6,398,323
Charges for services	2,226,835	45,760	7,220,017	113,431	9,606,043
Fines and forfeitures	1,216,776	64,280	-	130,783	1,411,839
Investment income	26,546	23,510	17,807	21,164	89,027
Special assessments	500,422	-	-	364,505	864,927
Other revenue:					
Local donations	-	-	-	383,729	383,729
Cable franchise fees	978,271	-	-	120,901	1,099,172
Other miscellaneous income	835,267	210,147	124,794	81,988	1,252,196
Total revenue	19,332,341	6,396,845	13,029,025	4,747,386	43,505,597
Expenditures					
Current:					
General government	5,464,463	-	-	137,392	5,601,855
District court	2,013,352	-	-	-	2,013,352
Public safety:					
Police	49,144	11,395,723	-	53,821	11,498,688
Fire	-	-	14,858,030	-	14,858,030
Building inspection	1,425,450	-	-	-	1,425,450
Public works	-	-	-	36,378	36,378
Community and economic development	1,152,072	-	-	519,093	1,671,165
Recreation and culture	1,357,484	-	-	2,054,932	3,412,416
Capital outlay	44,861	248,767	31,108	933,832	1,258,568
Debt service	126,141	-	-	1,189,723	1,315,864
Total expenditures	11,632,967	11,644,490	14,889,138	4,925,171	43,091,766
Excess of Revenue Over (Under) Expenditures	7,699,374	(5,247,645)	(1,860,113)	(177,785)	413,831
Other Financing Sources (Uses)					
Face value of debt issue	957,919	-	-	-	957,919
Debt premium	27,722	-	-	-	27,722
Transfers in (Note 5)	-	5,650,000	1,900,000	-	7,550,000
Transfers out (Note 5)	(7,550,000)	-	-	-	(7,550,000)
Payment to bond refunding escrow agent	(966,477)	-	-	-	(966,477)
Total other financing (uses) sources	(7,530,836)	5,650,000	1,900,000	-	19,164
Net Change in Fund Balances	168,538	402,355	39,887	(177,785)	432,995
Fund Balances - Beginning of year	2,537,415	1,459,868	564,304	6,527,414	11,089,001
Fund Balances - End of year	**$ 2,705,953**	**$ 1,862,223**	**$ 604,191**	**$ 6,349,629**	**$ 11,521,996**

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

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, 2012

Net Change in Fund Balances - Total Governmental Funds	$	432,995
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		1,642,325
Depreciation expense		(2,201,695)
Net book value of assets disposed of		(26,389)
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		11,727
Capital assets obtained from the City of Pontiac through agreement to provide fire protection and medical response services		1,749,433
Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position		(957,965)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		1,980,000
Change in accrued interest payable and other		(318)
Increase in accumulated employee sick and vacation pay, workers' compensation, and general liability expenses reported in the statement of activities do not require use of current resources, and therefore are not reported in the fund statements until they come due for payment		(173,146)
Other postemployment benefit obligation expense recognized in the statement of activities, but not in the governmental funds		(4,094,377)
Internal service funds are included as part of governmental activities		30,920
Change in Net Position of Governmental Activities	**$**	**(1,606,490)**

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

Charter Township of Waterford, Michigan

Proprietary Funds
Statement of Net Position
December 31, 2012

	Enterprise Fund Water and Sewer Fund	Internal Service Fund Motor Pool Fund
Assets		
Current assets:		
Cash and investments (Note 3)	$ 12,172,720	$ 149,412
Receivables:		
Special assessments receivable	689,304	-
Receivables from sales to customers on account	6,501,738	-
Accrued interest receivable	31,421	-
Inventory	-	65,319
Prepaid items	7,347	-
Total current assets	19,402,530	214,731
Noncurrent assets:		
Restricted assets (Note 1)	2,084,405	-
Capital assets (Note 4):		
Assets not subject to depreciation	6,078,320	-
Assets subject to depreciation	84,578,545	1,147,056
Total noncurrent assets	92,741,270	1,147,056
Total assets	112,143,800	1,361,787
Liabilities		
Current liabilities:		
Accounts payable	2,308,101	3,416
Accrued liabilities and other	177,313	1,888
Current liabilities payable (Note 7)	1,289,269	145,000
Total current liabilities	3,774,683	150,304
Noncurrent liabilities:		
Other postemployment benefit obligations (Note 10)	2,494,820	-
Long-term debt - Net of current portion (Note 7)	18,351,315	-
Total noncurrent liabilities	20,846,135	-
Total liabilities	24,620,818	150,304
Net Position		
Net investment in capital assets	71,328,214	1,002,056
Restricted for capital projects	2,084,405	-
Unrestricted	14,110,363	209,427
Total net position	**$ 87,522,982**	**$ 1,211,483**

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

Charter Township of Waterford, Michigan

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position
Year Ended December 31, 2012

	Enterprise Fund Water and Sewer Fund	Internal Service Fund Motor Pool Fund
Operating Revenue		
Sale of water	$ 5,411,677	$ -
Sewage disposal charges	12,824,921	-
Other sales to customers	28,365	-
Charges for services	253,335	338,594
Operating grants	373,980	-
Total operating revenue	18,892,278	338,594
Operating Expenses		
Cost of water	1,671,016	-
Cost of sewage treatment	7,343,946	-
Other operation and maintenance	548,469	-
Billing and administrative costs	5,270,602	20,770
Depreciation	3,686,911	278,259
Total operating expenses	18,520,944	299,029
Operating Income	371,334	39,565
Nonoperating Revenue (Expenses)		
Investment income	66,050	669
Interest expense	(351,397)	(9,172)
Loss on sale of assets	-	(142)
Total nonoperating expenses	(285,347)	(8,645)
Income - Before contributions	85,987	30,920
Capital Contributions - Tap-in fees, system burden fees, and other	96,601	-
Change in Net Position	182,588	30,920
Net Position - Beginning of year	87,340,394	1,180,563
Net Position - End of year	**$ 87,522,982**	**$ 1,211,483**

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

Charter Township of Waterford, Michigan

Proprietary Funds
Statement of Cash Flows
Year Ended December 31, 2012

	Enterprise Fund Water and Sewer Fund	Internal Service Fund Motor Pool Fund
Cash Flows from Operating Activities		
Receipts from customers	$ 18,326,842	$ 338,594
Payments to suppliers	(10,100,941)	(21,504)
Payments to employees	(4,008,957)	-
Other receipts	373,980	-
Net cash provided by operating activities	4,590,924	317,090
Cash Flows from Capital and Related Financing Activities		
Special assessment collections	131,019	-
Benefit fees (for the purpose of defraying the cost of capital assets)	88,388	-
Proceeds from sales of capital assets	-	9,403
Purchase of capital assets	(1,601,523)	-
Principal and interest paid on capital debt	(1,261,213)	(274,345)
Net cash used in capital and related financing activities	(2,643,329)	(264,942)
Cash Flows from Investing Activities		
Interest received on investments	108,589	669
Proceeds from sale and maturities of investment securities	3,586,162	-
Net cash provided by investing activities	3,694,751	669
Net Increase in Cash and Cash Equivalents	5,642,346	52,817
Cash and Cash Equivalents - Beginning of year	666,059	96,595
Cash and Cash Equivalents - End of year	**$ 6,308,405**	**$ 149,412**
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and investments	$ 12,172,720	$ 149,412
Less amounts classified as investments	(5,864,315)	-
Total cash and cash equivalents	**$ 6,308,405**	**$ 149,412**
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	$ 371,334	$ 39,565
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	3,686,911	278,259
Changes in assets and liabilities:		
Receivables	(191,456)	-
Inventories	-	(1,342)
Prepaid and other assets	7,347	-
Accounts payable	761,884	608
Accrued and other liabilities	(45,096)	-
Net cash provided by operating activities	**$ 4,590,924**	**$ 317,090**

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2012, the Water and Sewer Fund received approximately $8,200 of lines donated by developers. In addition, Oakland County constructed approximately $2.6 million of sewer lines for the Oakland-Macomb Interceptor project, for which the Township incurred long-term debt of approximately $1.9 million and incurred other liabilities of approximately $450,000. Approximately $100,000 was constructed with previously unspent bond proceeds and approximately $122,000 was spent from reserves previously paid by the Township to the County.

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

Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2012

	Pension and Other Postemployment Benefits	Agency Funds
Assets		
Cash and cash equivalents	$ 633,773	$ 1,872,597
Investments:		
U.S. government securities	3,196,136	-
Agency securities	4,667,566	-
Corporate bonds	13,321,887	-
Fixed-income funds	17,238,731	-
Stocks	67,296,750	-
Mutual funds	15,954,818	-
Real estate investment trusts	714,575	-
Pension manager short-term debt	9,587,986	-
Securities lending short-term collateral bank investment pool - Mutual funds	6,781,442	-
Due from broker	130,968	-
Prepaid items	680,349	-
Accrued income	224,606	-
Total assets	140,429,587	**$ 1,872,597**
Liabilities		
Accounts payable	537,198	$ -
Due to other governmental units	-	1,009,157
Bonds and other deposits	-	764,542
Accrued liabilities and other	-	98,898
Obligations under securities lending agreements	6,912,923	-
Total liabilities	7,450,121	**$ 1,872,597**
Net Position Held in Trust for Pension and Other Employee Benefits	**$ 132,979,466**	

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

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Pension and Other Postemployment Benefits
Year Ended December 31, 2012

	Pension and Other Postemployment Benefits
Additions	
Investment income:	
Interest and dividends	$ 3,172,443
Net increase in fair value of investments	10,972,485
Net investment income	14,144,928
Contributions:	
Employer	10,301,247
Employee	608,033
Total contributions	10,909,280
Total additions	25,054,208
Deductions	
Benefit payments	14,425,766
Administrative expenses	806,782
Total deductions	15,232,548
Net Increase in Net Position Held in Trust	9,821,660
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	123,157,806
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	**$ 132,979,466**

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

Component Units
Statement of Net Position
December 31, 2012

	Economic Development Corporation	Waterford Youth Assistance Corporation	Veterans' Memorial Fund	Total
Assets				
Cash and cash equivalents	$ 96,414	$ 62,058	$ 3,885	$ 162,357
Capital assets subject to depreciation	-	-	68,291	68,291
Total assets	96,414	62,058	72,176	230,648
Liabilities - Accounts payable	-	391	-	391
Net Position				
Net investment in capital assets	-	-	68,291	68,291
Unrestricted	96,414	61,667	3,885	161,966
Total net position	**$ 96,414**	**$ 61,667**	**$ 72,176**	**$ 230,257**

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

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions
Economic Development Corporation - General government	$ 1,010	$ 150	$ -	$ -
Waterford Youth Assistance Corporation - Community and economic development	26,486	29,925	12,831	-
Veterans' Memorial Fund - General government	2,550	1,442	-	-
Total component units	**$ 30,046**	**$ 31,517**	**$ 12,831**	**$ -**

General revenue - Investment income

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

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

Component Units
Statement of Activities
Year Ended December 31, 2012

Net (Expense) Revenue and Changes in Net Assets			
Economic Development Corporation	Waterford Youth Assistance Corporation	Veterans' Memorial Fund	Total
$ (860)	$ -	$ -	$ (860)
-	16,270	-	16,270
-	-	(1,108)	(1,108)
(860)	16,270	(1,108)	14,302
414	258	-	672
(446)	16,528	(1,108)	14,974
96,860	45,139	73,284	215,283
$ 96,414	**$ 61,667**	**$ 72,176**	**$ 230,257**

Note 1 - Summary of 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 Charter Township of Waterford, Michigan:

Reporting Entity

The Charter Township of Waterford, Michigan is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are 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 General 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 General 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 is appointed by the Township board. The Township also has the ability to impose its will on the component unit.

Note 1 - Summary of 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 position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. 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.

Note 1 - Summary of 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.

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.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Township reports the following major proprietary fund:

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

Additionally, the Township reports the following internal service and fiduciary activities:

- 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 employee benefits trust funds account for the activities of the 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.

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 position 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Property taxes are levied on each 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 2011 tax is levied and collectible on December 1, 2011 and is recognized as revenue in the year ended December 31, 2012, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2011 taxable valuation of the Charter Township of Waterford totaled $2.00 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 $7.70 million for operating purposes, $6.00 million for the police, $5.26 million for the fire department, $1.82 million for the library, and $1.00 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.

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 Position or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are 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 $2,084,405 on deposit at the County that is being held for certain projects of the Water and Sewer Fund.

Capital Assets - Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, 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.

Infrastructure, intangibles, 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).

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts, 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.

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

- Nonspendable: Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- Restricted: Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- Committed: Amounts that have been formally set aside by the 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, through board resolution, the Township board has designated the budget director or assistant budget director to make assignments.

Note 1 - Summary of Significant Accounting Policies (Continued)

- 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.

Special Item - In January 2012, the Township entered into an agreement to provide fire protection and medical response services to the City of Pontiac. As part of that agreement, the City transferred ownership of fire and rescue vehicles and firefighting equipment to the Township. The estimated carrying value of the assets at the time of transfer was $1,749,433.

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.

Accounting and Reporting Change - During the year, the Township adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. 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. The 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. Since the Township has no deferred outflows or inflows until adoption of GASB No. 65 (see Note 14), the only impact of the adoption of GASB No. 63 on the Township is a change in terminology from "net assets" to "net position."

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 surplus or shortfall generated since January 1, 2000 is as follows:

Surplus (shortfall) at January 1, 2012		$ (4,595,989)
Current year building permit revenue		299,743
Related expenses:		
Construction code expenses - Related expenses - Direct costs	$ 895,367	
Estimated indirect costs	-	895,367
Current year shortfall		(595,624)
Cumulative shortfall at December 31, 2012		$ (5,191,613)

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	$ 24,347,922	$ 12,172,720	$ 36,520,642	$ 141,266,260	$ 177,786,902	$ 162,357

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

	Primary Government	Component Units
Deposits with financial institutions	$ 22,360,823	$ 162,357
Investments:		
Equity securities or funds	95,049,846	-
Debt securities or funds	42,434,669	-
Short term funds (2a7-like)	7,639,003	-
Real estate and other	10,302,561	-
Total	$ 177,786,902	$ 162,357

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 mature 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 12 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, 2012, 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.

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, 2012 did not generally match the duration of the investments made with cash collateral. On December 31, 2012, 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, 2012 were $3,828,615 and $3,841,482, respectively, for the Police and Fire Retirement System and $2,952,826 and $2,999,643, respectively, for the General 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 $22,728,054 of bank deposits (certificates of deposit, checking, and savings accounts). Of that amount, $17,824,707 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. The Dodd-Frank Wall Street Reform and Consumer Protection Act, which provided unlimited temporary deposit insurance coverage for noninterest-bearing accounts at all FDIC-insured depository institutions, expired on December 31, 2012. 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.

Note 3 - Deposits and Investments (Continued)

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

Government-wide Activities	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Mortgage-backed securities	$ 1,091,761	$ 1,091,761	$ -	$ -	$ -
Fixed-income pool	14,716,867	14,716,867	-	-	-
Total	$ 15,808,628	$ 15,808,628	$ -	$ -	$ -

Fiduciary Funds	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate asset-backed	$ 1,129,877	$ -	$ 734,511	$ 151,780	$ 243,586
Corporate bonds	8,905,289	304,742	3,509,885	3,063,353	2,027,309
Corporate collateralized mortgage obligation	1,123,157	-	-	-	1,123,157
Foreign bonds	1,342,680	107,446	519,127	385,269	330,838
Foreign government bonds	820,884	-	559,110	261,774	-
U.S. government securities	3,196,136	99,834	348,616	1,602,820	1,144,866
Agency securities	4,667,566	203,348	-	142,822	4,321,396
Total	$ 21,185,589	$ 715,370	$ 5,671,249	$ 5,607,818	$ 9,191,152

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
Government-wide Activities			
	$ 656,172	AAAm	S&P
	1,293,150	Aaa	Moody's
	14,716,867	Not rated	-
Total	$ 16,666,189		
Fiduciary Funds			
	$ 8,261,359	AAA	S&P
	1,640,847	AA	S&P
	2,844,465	A	S&P
	4,831,446	BBB	S&P
	1,839,502	BB	S&P
	893,281	B	S&P
	26,513	CCC and below	S&P
	7,629,618	Not rated	-
Total	$ 27,967,031		

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 government-wide activities' cash and investments are in Oakland County (37.36 percent). More than 5 percent of the Township's fiduciary investments are in Comerica (combined 6.79 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:

Governmental Activities	Balance January 1, 2012	Reclassifications	Additions	Disposals	Balance December 31, 2012
Capital assets not being depreciated:					
Land	$ 27,111,094	$ -	$ -	$ -	$ 27,111,094
Construction in progress	215,726	(187,196)	564,054	-	592,584
Subtotal	27,326,820	(187,196)	564,054	-	27,703,678
Capital assets being depreciated:					
Infrastructure	13,159,049	42,250	1,054	-	13,202,353
Buildings and improvements	30,631,116	144,946	306,510	-	31,082,572
Machinery and office equipment, vehicles, and other	26,160,499	-	2,520,140	(111,672)	28,568,967
Subtotal	69,950,664	187,196	2,827,704	(111,672)	72,853,892
Accumulated depreciation:					
Infrastructure	10,833,209	-	353,041	-	11,186,250
Buildings and improvements	11,135,812	-	702,340	-	11,838,152
Machinery and office equipment, vehicles, and other	20,547,771	-	1,424,573	(75,738)	21,896,606
Subtotal	42,516,792	-	2,479,954	(75,738)	44,921,008
Net capital assets being depreciated	27,433,872	187,196	347,750	(35,934)	27,932,884
Net capital assets	$ 54,760,692	$ -	$ 911,804	$ (35,934)	$ 55,636,562

Note 4 - Capital Assets (Continued)

Business-type Activities	Balance January 1, 2012	Reclassifications	Additions	Disposals	Balance December 31, 2012
Capital assets not being depreciated:					
Land	$ 3,455,491	$ -	$ -	$ -	$ 3,455,491
Construction in progress	6,330,802	(6,670,781)	2,962,808	-	2,622,829
Subtotal	9,786,293	(6,670,781)	2,962,808	-	6,078,320
Capital assets being depreciated:					
Lines and laterals	105,577,036	-	1,089,189	-	106,666,225
Buildings and improvements	25,174,070	-	-	-	25,174,070
Machinery and office equipment, vehicles, and other	7,512,192	-	182,819	-	7,695,011
Oakland-Macomb Interceptor - Joint assets	-	6,670,781	-	-	6,670,781
Subtotal	138,263,298	6,670,781	1,272,008	-	146,206,087
Accumulated depreciation:					
Water and sewer lines	42,680,820	-	2,613,114	-	45,293,934
Buildings and improvements	9,222,481	-	555,554	-	9,778,035
Machinery and office equipment, vehicles, and other	6,037,330	-	251,411	-	6,288,741
Oakland-Macomb Interceptor - Joint assets	-	-	266,832	-	266,832
Subtotal	57,940,631	-	3,686,911	-	61,627,542
Net capital assets being depreciated	80,322,667	6,670,781	(2,414,903)	-	84,578,545
Net capital assets	$ 90,108,960	$ -	$ 547,905	$ -	$ 90,656,865

During the year, the Veterans' Memorial Fund, a discretely presented component unit of the Township, had no additions or disposals of capital assets. Therefore, there was no change in the asset balance of $72,650 in 2012. During the year, depreciation expense of $2,179 was recorded. Net memorial being depreciated is $68,291 as of December 31, 2012.

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

Governmental activities:	
General government	$ 870,944
Public safety	1,137,346
District Court	52,275
Community and economic development	3,479
Recreation and culture	415,910
Total governmental activities	$ 2,479,954
Business-type activities - Water and sewer	$ 3,686,911

Note 4 - Capital Assets (Continued)

Construction Commitments - The Township continues to participate in the Oakland-Macomb Interceptor Drain Project. The Township was tentatively advised that its total assessment for the Segment III Project would be $8.6 million. To date, the Township has incurred $6.6 million of debt and other liabilities related to the project.

Note 5 - Interfund Receivables, Payables, and Transfers

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

Receivable Fund	Payable Fund	Amount
General Fund	Fire Fund	$ 1,900,000
	Police Fund	5,650,000
	Total General Fund	$ 7,550,000

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 Position - On the statement of net position, the deferred revenue in the governmental activities represents property taxes levied on December 1, 2012, but recognized as revenue in the year ending December 31, 2013, when the proceeds of the levy are budgeted and available for financing operations.

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	$ 100,959	$ 21,020,907	$ 21,121,866
Special assessments and other	3,002,847	1,808,186	4,811,033
Total	$ 3,103,806	$ 22,829,093	$ 25,932,899

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 and installment purchase 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 reassessment of the Township) are received.

	Interest Rate Ranges	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 Maturing through 2018	2.00% - 3.50%	$915,000 - $1,360,000	$ 7,885,000	$ -	$ 915,000	$ 6,970,000	$ 965,000
Capital Improvement Bonds - Series 2005-B:							
Amount of issue - $2,000,000 Maturing through 2020	3.50% - 4.00%	$125,000 - $175,000	1,330,000	-	1,065,000	265,000	130,000
Capital Improvement Bonds - Series 2008:							
Amount of issue - $475,000 Maturing through 2012	3.5%	$120,000	120,000	-	120,000	-	-
Capital Improvement Bonds - Series 2009:							
Amount of issue - $575,000 Maturing through 2013	3.375%	$145,000	290,000	-	145,000	145,000	145,000
General Obligation Unlimited Tax Bond:							
Refunding Bonds - Series 2012:							
Amount of issue - $1,151,550 Maturing through 2023	2.00% - 3.00%	$85,472 - $123,654	-	957,969	-	957,969	-
Total bonds payable			9,625,000	957,969	2,245,000	8,337,969	1,240,000
Other long-term liabilities:							
Employee compensated absences			1,662,741	1,319,512	1,302,221	1,680,032	1,315,763
Estimated liability for workers' compensation claims (Note 13)			712,009	674,425	409,388	977,046	318,361
Estimated liability for general liability claims (Note 13)			118,008	1,288,377	1,237,559	168,826	168,826
Other postemployment benefit obligations (Note 10)			12,185,857	4,094,377	-	16,280,234	-
Total governmental activities			$ 24,303,615	$ 8,334,660	$ 5,194,168	$ 27,444,107	$ 3,042,950

Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
Cap. Improvement Bond - Series 2003:							
Amount of issue - $5,000,000 Maturing through 2023	2.00% - 4.50%	$220,000 - $365,000	$ 3,475,000	$ -	$ 3,475,000	$ -	$ -
Sewer Relief Fund - Series 2007-B:							
Amount of issue - $3,745,000 Maturing through 2027	1.625%	$160,000 - $215,000	2,882,393	-	160,000	2,722,393	165,000
Drinking Water Relief Fund - Series 2007-C:							
Amount of issue - $8,905,000 Maturing through 2028	2.125%	$375,000 - $540,000	7,763,831	-	385,000	7,378,831	390,000
General Obligation Unlimited Tax Bond:							
Refunding Bonds - Series 2012:							
Amount of issue - $3,307,031 Maturing through 2023	2.00% - 3.00%	$234,528 - $366,346	-	3,307,031	-	3,307,031	270,000
Oakland-Macomb Sewer Interceptor, Series 2010A:							
Amount of issue - $3,510,038 Maturing through 2030	2.50%		3,266,184	129,176	136,762	3,258,598	140,665
Oakland-Macomb Sewer Interceptor, Series 2010B:							
Amount of issue - $901,874 Maturing through 2030	1.15% - 5.90%		876,298	-	31,681	844,617	30,960
Oakland-Macomb Sewer Interceptor, Series 2011:							
Amount of issue - $4,219,251 Maturing through 2033	2.50%		-	1,817,181	-	1,817,181	-
Total bonds payable			18,263,706	5,253,388	4,188,443	19,328,651	996,625
Employee compensated absences			269,224	213,834	263,053	220,005	214,962
Estimated liability for workers' compensation claims (Note 13)			-	29,987	8,855	21,132	6,886
Estimated liability for general liability claims (Note 13)			-	589,758	518,962	70,796	70,796
Other postemployment benefit obligations (Note 10)			1,847,380	647,440	-	2,494,820	-
Total business-type activities			$ 20,380,310	$ 6,734,407	$ 4,979,313	$ 22,135,404	$ 1,289,269

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.

Note 7 - Long-term Debt (Continued)

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
2013	$ 1,240,000	$ 267,205	$ 1,507,205	$ 996,625	$ 512,033	$ 1,508,658
2014	1,175,000	215,232	1,390,232	1,181,603	492,476	1,674,079
2015	1,232,932	164,209	1,397,141	1,242,514	468,173	1,710,687
2016	1,311,301	127,448	1,438,749	1,268,661	440,925	1,709,586
2017	1,394,670	86,694	1,481,364	1,304,808	412,952	1,717,760
2018-2022	1,892,922	74,638	1,967,560	6,730,854	1,582,429	8,313,283
2023-2027	91,144	2,325	93,469	5,132,905	578,611	5,711,516
2028-2032	-	-	-	1,470,681	66,876	1,537,557
Total	$ 8,337,969	$ 937,751	$ 9,275,720	$ 19,328,651	$ 4,554,475	$ 23,883,126

Advance Refunding - During the year, the Township issued $4,265,000 in general obligation bonds with an average interest rate of 2.75 percent. The proceeds of these bonds were used to advance refund $3,245,000 of outstanding 2003 Business-type Capital Improvement Bonds and $940,000 of 2005-B Governmental Activities Capital Improvement Bonds. The average interest rate of the refunded debt was 4.18 percent. The net proceeds of $4,302,878 (after payment of $127,971 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the business-type activities and governmental activities long-term debt. The advance refunding reduced total debt service payments over the next 11 years by approximately $335,000, which represents an economic gain of approximately $300,000.

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 system covers all full-time police and fire employees of the Township hired before January 1, 2012. Fire employees hired on or after January 1, 2012 are ineligible to participate. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. At December 31, 2011, the date of the most recent actuarial valuation, membership consisted of 121 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 107 current active employees. The plan does not issue a separate financial report.

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

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, except for the police patrol union whose contribution is 7 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.

Annual Pension Cost - For the year ended December 31, 2012, the Township's annual pension cost of $3,356,274 for the plan was equal to the Township's required and actual contribution.

	Fiscal Year Ended December 31		
	2012	2011	2010
Annual pension cost (APC)	$ 3,356,274	$ 3,227,187	$ 3,416,401
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	$ -	$ -	$ -

Funding Status and Funding Progress - As of December 31, 2011, the most recent actuarial valuation date, the plan was 77.4 percent funded. The actuarial accrued liability for benefits was $91.1 million, and the actuarial value of assets was $70.5 million, resulting in an unfunded actuarial accrued liability of $20.6 million. The covered payroll (annual payroll to active employees covered by the plan) was $8.1 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 254.3 percent.

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

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

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at December 31, 2011, using the entry age actuarial 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 on a closed basis. The remaining amortization period is 20 years.

Reserves - As of December 31, 2012, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	$ 6,606,425
Reserve for employer contributions	9,309,360
Reserve for retired benefit payments	58,696,954

Note 9 - Pension Plan - General Employees' Retirement System

Plan Description - The General 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 hired before certain dates in 2005 and 2006, depending on their employee group. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. At December 31, 2011, the date of the most recent actuarial valuation, membership consisted of 145 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 121 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 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.

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

Annual Pension Cost - For the year ended December 31, 2012, the Township's annual pension cost of $2,017,208 for the plan was equal to the Township's required and actual contribution. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended December 31		
	2012	2011	2010
Annual pension cost (APC)	$ 2,017,208	$ 2,011,374	$ 2,208,556
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	$ -	$ -	$ -

Funding Status and Funding Progress - As of December 31, 2011, the most recent actuarial valuation date, the plan was 84.0 percent funded. The actuarial accrued liability for benefits was $58.8 million, and the actuarial value of assets was $49.4 million, resulting in an unfunded actuarial accrued liability of $9.4 million. The covered payroll (annual payroll to active employees covered by the plan) was $6.2 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 151.6 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are 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, 2011, using the entry age actuarial 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 on a closed basis. The remaining amortization period is 22 years.

Reserves - As of December 31, 2012, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	$ 361,221
Reserve for employer contributions	20,585,509
Reserve for retired benefit payments	30,255,697

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.

Funding Progress - For the year ended December 31, 2012, 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)	$ 9,471,186
Interest on the prior year's net OPEB obligation	701,662
Less adjustment to the annual required contribution	(503,266)
Annual OPEB cost	9,669,582
Amounts contributed:	
Payments of current premiums	(4,901,065)
Advance funding	(26,700)
Increase in net OPEB obligation	4,741,817
OPEB obligation - Beginning of year	14,033,237
OPEB obligation - End of year	$ 18,775,054

Note 10 - Other Postemployment Benefits (Continued)

Employer contributions and annual OPEB cost data for the current and preceding years 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
12/31/12	12/31/10	9,471,186	9,669,582	51.0	18,775,054

* 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

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 multi-year 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.

Note 10 - Other Postemployment Benefits (Continued)

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, 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 remaining amortization period at December 31, 2010 is 30 years.

Note 11 - Pension and Other Employee Benefit Trust Funds

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

	Police and Fire Pension	General Employees' Pension	Other Postemployment Benefits
Statement of Net Position			
Investments	$ 78,633,052	$ 53,951,886	$ 7,164,299
Other assets	413,532	266,817	-
Liabilities	(4,433,845)	(3,016,275)	-
Net position	$ 74,612,739	$ 51,202,428	$ 7,164,299
Statement of Changes in Net Position			
Investment gain	$ 8,061,171	$ 5,451,021	$ 632,736
Contributions	3,871,993	2,045,542	4,991,745
Benefit payments	(6,415,903)	(3,108,798)	(4,901,065)
Other deductions	(441,674)	(327,920)	(37,188)
Net change in net position	$ 5,075,587	$ 4,059,845	$ 686,228

Note 12 - Defined Contribution Pension Plan

The Township provides pension benefits to full-time employees hired after various dates, depending on the employee group, through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by various collective bargaining agreements, the Township contributes a certain percentage of employees' gross earnings and employee contributions. Employer contribution rates and vesting schedules vary based on employee group. In accordance with these agreements, the Township contributed $487,325 during the current year.

Note 13 - 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 the 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 to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

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	
	2012	2011	2012	2011	2012	2011
Estimated liability - Beginning of year	$ 118,008	$ 202,182	$ 712,009	$ 661,767	$ -	$ -
Estimated claims incurred, including changes in estimates	211,754	34,252	704,412	221,764	4,965,203	3,078,995
Claim payments	(90,140)	(118,426)	(418,243)	(171,522)	(4,965,203)	(3,078,995)
Estimated liability - End of year	$ 239,622	$ 118,008	$ 998,178	$ 712,009	$ -	$ -

Note 14 - Upcoming Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity Omnibus*. This pronouncement, which is an amendment to Statement No. 14 and Statement No. 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.

Note 14 - Upcoming Accounting Pronouncements (Continued)

In March 2012, the GASB issued 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. Statement No. 65 will be implemented for the Township as of December 31, 2013.

In June 2012, the GASB issued two new pension standards, GASB Statement No. 67, *Financial Reporting for Pension Plans*, and No. 68, *Accounting and Financial Reporting for Pensions*. These new standards significantly revise the current accounting and reporting for pensions, both from an employer perspective as well as from a plan perspective. Employers providing defined benefit pensions to its employees must now, under these new standards, recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised and expanded note disclosures and required supplemental information (RSI). Statement No. 67 is required to be adopted for December 31, 2015 and Statement No. 68 one year later.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule - General Fund
Year Ended December 31, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	$ 7,756,800	$ 7,756,800	$ 7,551,828	$ (204,972)
Licenses and permits	354,300	354,300	302,568	(51,732)
State-shared revenue and grants	5,294,146	5,294,146	5,693,828	399,682
Charges for services	2,355,481	2,367,617	2,216,235	(151,382)
Fines and forfeitures	1,375,000	1,375,000	1,216,776	(158,224)
Investment income	40,000	40,000	20,455	(19,545)
Special assessments	499,000	499,000	500,422	1,422
Other revenue:				
Cable franchise fees	900,000	900,000	978,271	78,271
Other miscellaneous income	270,700	275,217	835,267	560,050
Total revenue	18,845,427	18,862,080	19,315,650	453,570
Expenditures				
Current:				
General government:				
Township board	50,234	50,234	50,282	(48)
Supervisor and assessing	674,918	674,918	615,423	59,495
Elections	118,630	118,630	129,946	(11,316)
Personnel	203,988	203,988	201,184	2,804
Information service	343,533	343,533	311,218	32,315
Treasurer	555,749	555,749	551,696	4,053
General services	1,570,880	1,575,397	1,734,408	(159,011)
Clerk	542,475	542,475	528,462	14,013
Retiree benefits	1,467,333	1,467,333	1,218,475	248,858
Facilities and operations	122,784	122,784	122,784	-
Total general government	5,650,524	5,655,041	5,463,878	191,163
District Court	2,237,473	2,237,473	2,013,352	224,121
Public safety	1,532,457	1,544,457	1,474,594	69,863
Planning department	1,191,456	1,191,456	1,152,072	39,384
Parks and recreation	1,489,379	1,509,379	1,357,484	151,895
Capital outlay	20,050	20,050	44,861	(24,811)
Debt service	176,055	176,055	126,141	49,914
Total expenditures	12,297,394	12,333,911	11,632,382	701,529
Excess of Revenue Over Expenditures	6,548,033	6,528,169	7,683,268	1,155,099
Other Financing Sources (Uses)				
Face value of debt issue	-	-	957,919	957,919
Debt premium or discount	-	-	27,722	27,722
Transfers out	(7,475,000)	(7,625,000)	(7,550,000)	75,000
Payment to bond refunding escrow agent	-	-	(966,477)	(966,477)
Total other financing uses	(7,475,000)	(7,625,000)	(7,530,836)	94,164
Net Change in Fund Balance	(926,967)	(1,096,831)	152,432	1,249,263
Fund Balance - Beginning of year	1,760,397	1,760,397	1,760,397	-
Fund Balance - End of year	**$ 833,430**	**$ 663,566**	**$ 1,912,829**	**$ 1,249,263**

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Funds
Police Fund
Year Ended December 31, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	$ 5,888,200	$ 5,888,200	$ 5,823,435	$ (64,765)
Licenses and permits	35,000	35,000	36,051	1,051
Federal grants	128,607	203,065	138,852	(64,213)
State-shared revenue and grants	63,252	63,252	54,810	(8,442)
Charges for services	50,000	50,000	45,760	(4,240)
Fines and forfeitures	72,500	72,500	64,280	(8,220)
Investment income	27,500	27,500	23,510	(3,990)
Other revenue	165,000	207,041	210,147	3,106
Total revenue	6,430,059	6,546,558	6,396,845	(149,713)
Expenditures				
Current - Public safety	12,420,848	12,445,448	11,395,723	1,049,725
Capital outlay	169,000	268,716	248,767	19,949
Total expenditures	12,589,848	12,714,164	11,644,490	1,069,674
Excess of Expenditures Over Revenue	(6,159,789)	(6,167,606)	(5,247,645)	919,961
Other Financing Sources - Transfers in	5,650,000	5,650,000	5,650,000	-
Net Change in Fund Balance	(509,789)	(517,606)	402,355	919,961
Fund Balance - Beginning of year	1,459,868	1,459,868	1,459,868	-
Fund Balance - End of year	**$ 950,079**	**$ 942,262**	**$ 1,862,223**	**$ 919,961**

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Funds
Fire Fund
Year Ended December 31, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	$ 5,174,700	$ 5,174,700	$ 5,105,909	$ (68,791)
Federal grants	-	17,145	11,655	(5,490)
State-shared revenue and grants	-	567,500	548,843	(18,657)
Charges for services	7,842,056	7,325,389	7,220,017	(105,372)
Investment income	40,000	40,000	17,807	(22,193)
Other revenue	128,600	128,600	124,794	(3,806)
Total revenue	13,185,356	13,253,334	13,029,025	(224,309)
Expenditures				
Current - Public safety	14,693,646	14,855,744	14,858,030	(2,286)
Capital outlay	14,400	78,566	31,108	47,458
Total expenditures	14,708,046	14,934,310	14,889,138	45,172
Excess of Expenditures Over Revenue	(1,522,690)	(1,680,976)	(1,860,113)	(179,137)
Other Financing Sources - Transfers in	1,750,000	1,900,000	1,900,000	-
Net Change in Fund Balance	227,310	219,024	39,887	(179,137)
Fund Balance - Beginning of year	564,304	564,304	564,304	-
Fund Balance - End of year	**$ 791,614**	**$ 783,328**	**$ 604,191**	**$ (179,137)**

Required Supplemental Information
Pension System Schedule - Police and Fire Retirement System
Year Ended December 31, 2012

The schedule of funding progress 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	$ 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	71.7	11,000,000	230.0
12/31/10	68,200,000	94,400,000	26,200,000	72.2	9,000,000	291.1
12/31/11	70,500,000	91,100,000	20,600,000	77.4	8,100,000	254.3

The schedule of employer contributions is as follows:

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
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
12/31/12	3,356,274	100.0

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2011, the latest actuarial valuation, follows:

Actuarial cost method	Entry age
Amortization method	Closed level percentage of payroll
Amortization period (perpetual)	20 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%

Required Supplemental Information
Pension System Schedule - General Employees' Retirement System
Year Ended December 31, 2012

The schedule of funding progress 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	$ 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
12/31/11	49,400,000	58,800,000	9,400,000	84.0	6,200,000	151.6

The schedule of employer contributions is as follows:

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
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
12/31/12	2,017,208	100.0

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2011, the latest actuarial valuation, follows:

Actuarial cost method	Entry age
Amortization method	Closed level percentage of payroll
Amortization period (perpetual)	22 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%

Note to Required Supplemental Information
Year Ended December 31, 2012

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 services 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 budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

	Total Revenue	Total Expenditures
General Fund		
Amounts per operating statement	$ 19,332,341	$ 11,632,967
Cemetery Care Fund	(11,151)	-
Workers' Compensation Fund	(5,540)	(585)
Amounts per budget statement	$ 19,315,650	$ 11,632,382

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

	Budget	Actual	Variance
General Fund - General services	$ 1,575,397	$ 1,734,408	$ (159,011)
General Fund - Capital outlay	20,050	44,861	(24,811)
General Fund - Payment to bond refunding escrow agent	-	966,477	(966,477)

General service expenditures were over budget due to greater than anticipated street lighting expenses and professional service expenses. Capital outlay expenditures exceeded the budgeted amount because the Township received an unbudgeted grant used to acquire laptops. Payments to escrow agent were not budgeted.

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

At December 31, 2012, the Township had governmental activities unrestricted net deficit of $9,709,009.

Other Supplemental Information

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.

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 General 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.

	Special Revenue Funds					
	Bike Path	Community Development Block Grant	Library	Library Donations	Weed Control	Police Restricted Use
Assets						
Cash and investments	$ 117,238	$ 161,220	$ 2,145,667	$ 136,393	$ 338,012	$ 1,190,653
Receivables:						
Property taxes receivable	-	-	947,651	-	-	-
Special assessments receivable	-	-	-	-	122,304	-
Due from other governmental units	-	152,091	-	-	-	-
Rehabilitation loan receivable	-	1,392,067	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	**$ 117,238**	**$ 1,705,378**	**$3,093,318**	**$ 136,393**	**$ 460,316**	**$1,190,653**
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ -	$ 1,907	$ 190,531	$ 7,475	$ 800	$ 450
Accrued liabilities and other	-	14,149	54,461	-	-	-
Deferred revenue	-	1,392,067	1,760,107	-	258,186	-
Total liabilities	-	1,408,123	2,005,099	7,475	258,986	450
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted:						
Police	-	-	-	-	-	1,190,203
Debt service	-	-	-	-	-	-
Bike path	117,238	-	-	-	-	-
Community development	-	97,255	-	-	-	-
Library	-	-	1,088,219	128,918	-	-
Weed control	-	-	-	-	201,330	-
Nature center	-	-	-	-	-	-
Retiree health care	-	-	-	-	-	-
Assigned:						
Cable-related activities	-	-	-	-	-	-
Community development	-	200,000	-	-	-	-
Capital projects	-	-	-	-	-	-
Total fund balances	117,238	297,255	1,088,219	128,918	201,330	1,190,203
Total liabilities and fund balances	**$ 117,238**	**$ 1,705,378**	**$3,093,318**	**$ 136,393**	**$ 460,316**	**$1,190,653**

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

Special Revenue Funds				Capital Projects Funds		
Nature Center	Cable Commission	Health Benefits	Debt Service Fund	Improvement Revolving	S.A.D. Road Paving	Total Nonmajor Governmental Funds
$ 581,723	$ 459,205	$ 272,718	$ 646,912	$ 1,720,960	$ 103,401	$ 7,874,102
-	-	-	519,660	-	-	1,467,311
-	-	-	-	4,080	33,226	159,610
-	-	-	-	-	-	152,091
-	-	-	-	-	-	1,392,067
-	509	-	-	-	-	509
$ 581,723	**$ 459,714**	**$ 272,718**	**$1,166,572**	**$ 1,725,040**	**$ 136,627**	**$11,045,690**
$ -	$ 304	$ -	$ -	$ 1,219	$ -	$ 202,686
-	1,663	-	8,893	-	-	79,166
-	-	-	965,183	5,440	33,226	4,414,209
-	1,967	-	974,076	6,659	33,226	4,696,061
-	509	-	-	-	-	509
-	-	-	-	-	-	1,190,203
-	-	-	192,496	-	-	192,496
-	-	-	-	-	-	117,238
-	-	-	-	-	-	97,255
-	-	-	-	-	-	1,217,137
-	-	-	-	-	-	201,330
581,723	-	-	-	-	-	581,723
-	-	272,718	-	-	-	272,718
-	457,238	-	-	-	-	457,238
-	-	-	-	-	-	200,000
-	-	-	-	1,718,381	103,401	1,821,782
581,723	457,747	272,718	192,496	1,718,381	103,401	6,349,629
$ 581,723	**$ 459,714**	**$ 272,718**	**$1,166,572**	**$ 1,725,040**	**$ 136,627**	**$11,045,690**

	Special Revenue Funds					
	Bike Path	Community Development Block Grant	Library	Library Donations	Weed Control	Police Restricted Use
Revenue						
Property taxes	$ -	$ -	$ 1,769,362	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-
Federal grants	-	531,776	-	-	-	133,051
State-shared revenue and grants	-	-	32,114	-	-	36,728
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	130,783	-	-	-
Investment income	523	-	9,258	-	-	-
Special assessments	-	-	-	-	289,762	-
Other revenue:						
Local contributions	-	-	-	32,961	-	3,172
Cable franchise fees	-	-	-	-	-	-
Other miscellaneous income	-	-	2,766	-	50	27,990
Total revenue	523	531,776	1,944,283	32,961	289,812	200,941
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	53,821
Public works	10,198	-	-	-	-	-
Community and economic development	-	489,093	-	-	-	-
Recreation and culture	-	-	1,774,073	11,146	269,713	-
Capital outlay	9,504	-	256,691	9,474	-	-
Debt service	-	-	-	-	-	-
Total expenditures	19,702	489,093	2,030,764	20,620	269,713	53,821
Net Change in Fund Balances	(19,179)	42,683	(86,481)	12,341	20,099	147,120
Fund Balances - Beginning of year	136,417	254,572	1,174,700	116,577	181,231	1,043,083
Fund Balances - End of year	**$ 117,238**	**$ 297,255**	**$1,088,219**	**$ 128,918**	**$ 201,330**	**$1,190,203**

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2012

Special Revenue Funds				Capital Projects Funds		
Nature Center	Cable Commission	Health Benefits	Debt Service Fund	Improvement Revolving	S.A.D. Road Paving	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 970,215	$ -	$ -	$ 2,739,577
-	-	-	-	25,639	-	25,639
-	-	-	-	-	-	664,827
-	-	-	-	32,000	-	100,842
-	113,431	-	-	-	-	113,431
-	-	-	-	-	-	130,783
1,457	1,848	561	120	7,000	397	21,164
-	-	-	-	35,369	39,374	364,505
-	-	-	-	347,596	-	383,729
-	120,901	-	-	-	-	120,901
1,000	-	-	1,517	48,665	-	81,988
2,457	236,180	561	971,852	496,269	39,771	4,747,386
-	137,392	-	-	-	-	137,392
-	-	-	-	-	-	53,821
-	-	-	-	-	26,180	36,378
30,000	-	-	-	-	-	519,093
-	-	-	-	-	-	2,054,932
-	-	-	-	658,163	-	933,832
-	-	-	1,129,233	60,490	-	1,189,723
30,000	137,392	-	1,129,233	718,653	26,180	4,925,171
(27,543)	98,788	561	(157,381)	(222,384)	13,591	(177,785)
609,266	358,959	272,157	349,877	1,940,765	89,810	6,527,414
$ 581,723	**$ 457,747**	**$ 272,718**	**$ 192,496**	**$ 1,718,381**	**$ 103,401**	**$ 6,349,629**

Other Supplemental Information
Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2012

	Pension Trust Funds			
	Police and Fire Pension	General Employees' Pension	Other Postemployment Benefits	Total Pension Trust Funds
Assets				
Cash and cash equivalents	$ 192,679	$ 110,174	$ 330,920	$ 633,773
Investments:				
U.S. government securities	3,096,302	-	99,834	3,196,136
Agency securities	4,464,218	-	203,348	4,667,566
Corporate bonds	13,321,887	-	-	13,321,887
Fixed-income funds	5,440,453	11,798,278	-	17,238,731
Stocks	29,290,586	31,475,967	6,530,197	67,296,750
Mutual funds	11,108,762	4,846,056	-	15,954,818
Real estate investment trusts	714,575	-	-	714,575
Pension manager short-term funds	6,839,829	2,748,157	-	9,587,986
Securities lending short-term collateral bank investment pool - Mutual funds	3,828,615	2,952,827	-	6,781,442
Due from broker	130,968	-	-	130,968
Prepaid items	413,532	266,817	-	680,349
Accrued income	204,178	20,428	-	224,606
Total assets	79,046,584	54,218,704	7,164,299	140,429,587
Liabilities				
Accounts payable	537,198	-	-	537,198
Accrued liabilities and other - Obligations under securities lending agreements	3,896,647	3,016,276	-	6,912,923
Total liabilities	4,433,845	3,016,276	-	7,450,121
Net Position Held in Trust for Pension and Other Employee Benefits	**$ 74,612,739**	**$ 51,202,428**	**$ 7,164,299**	**$ 132,979,466**

Other Supplemental Information
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2012

	Police and Fire Pension	General Employees' Pension	Other Postemployment Benefits	Total
Additions				
Investment income:				
Interest and dividends	$ 2,167,667	$ 838,188	$ 166,588	$ 3,172,443
Net increase in fair value of investments	5,893,504	4,612,833	466,148	10,972,485
Net investment income	8,061,171	5,451,021	632,736	14,144,928
Contributions:				
Employer	3,356,274	2,017,208	4,927,765	10,301,247
Employee	515,719	28,334	63,980	608,033
Total contributions	3,871,993	2,045,542	4,991,745	10,909,280
Total additions	11,933,164	7,496,563	5,624,481	25,054,208
Deductions				
Benefit payments	6,415,903	3,108,798	4,901,065	14,425,766
Administrative expenses	441,674	327,920	37,188	806,782
Total deductions	6,857,577	3,436,718	4,938,253	15,232,548
Net Increase in Net Position Held in Trust	5,075,587	4,059,845	686,228	9,821,660
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	69,537,152	47,142,583	6,478,071	123,157,806
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	**$ 74,612,739**	**$ 51,202,428**	**$ 7,164,299**	**$ 132,979,466**

Other Supplemental Information
Nonmajor Governmental Fund - Bike Path
Budgetary Comparison
Year Ended December 31, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	$ -	$ -	$ 523	$ 523
Expenditures				
Current - Public works	40,168	30,664	10,198	20,466
Capital outlay	-	9,504	9,504	-
Total expenditures	40,168	40,168	19,702	20,466
Net Change in Fund Balance	(40,168)	(40,168)	(19,179)	20,989
Fund Balance - Beginning of year	136,417	136,417	136,417	-
Fund Balance - End of year	**$ 96,249**	**$ 96,249**	**$ 117,238**	**$ 20,989**

Other Supplemental Information
Nonmajor Governmental Fund - Library
Budgetary Comparison
Year Ended December 31, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	$ 1,780,650	$ 1,780,650	$ 1,769,362	$ (11,288)
State-shared revenue and grants	31,537	31,537	32,114	577
Fines and forfeitures	120,000	120,000	130,783	10,783
Investment income	-	-	9,258	9,258
Other revenue	3,300	3,300	2,766	(534)
Total revenue	1,935,487	1,935,487	1,944,283	8,796
Expenditures				
Current - Recreation and culture	1,915,646	1,942,646	1,774,073	168,573
Capital outlay	59,858	402,258	256,691	145,567
Total expenditures	1,975,504	2,344,904	2,030,764	314,140
Net Change in Fund Balance	(40,017)	(409,417)	(86,481)	322,936
Fund Balance - Beginning of year	1,174,700	1,174,700	1,174,700	-
Fund Balance - End of year	**$ 1,134,683**	**$ 765,283**	**$ 1,088,219**	**$ 322,936**

Other Supplemental Information
Nonmajor Governmental Fund - Library Donations
Budgetary Comparison
Year Ended December 31, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Local donations	$ 25,000	$ 25,000	$ 32,961	$ 7,961
Expenditures				
Current - Recreation and culture - Library	27,000	22,500	11,146	11,354
Capital outlay	8,000	12,500	9,474	3,026
Total expenditures	35,000	35,000	20,620	14,380
Net Change in Fund Balance	(10,000)	(10,000)	12,341	22,341
Fund Balance - Beginning of year	116,577	116,577	116,577	-
Fund Balance - End of year	**$ 106,577**	**$ 106,577**	**$ 128,918**	**$ 22,341**

Other Supplemental Information
Nonmajor Governmental Fund - Police Restricted Use
Budgetary Comparison
Year Ended December 31, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Federal grants	$ 95,000	$ 95,000	$ 133,051	$ 38,051
State-shared revenue and grants	60,000	60,000	36,728	(23,272)
Other revenue	25,500	25,500	31,162	5,662
Total revenue	180,500	180,500	200,941	20,441
Expenditures - Current - Public safety	123,000	123,000	53,821	69,179
Net Change in Fund Balance	57,500	57,500	147,120	89,620
Fund Balance - Beginning of year	1,043,083	1,043,083	1,043,083	-
Fund Balance - End of year	**$ 1,100,583**	**$ 1,100,583**	**$ 1,190,203**	**$ 89,620**

Other Supplemental Information
Nonmajor Governmental Fund - Nature Center
Budgetary Comparison
Year Ended December 31, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Investment income	$ 1,500	$ 1,500	$ 1,457	$ (43)
Other revenue	-	-	1,000	1,000
Total revenue	1,500	1,500	2,457	957
Expenditures - Current - Community and economic development	30,000	42,000	30,000	12,000
Net Change in Fund Balance	(28,500)	(40,500)	(27,543)	12,957
Fund Balance - Beginning of year	609,266	609,266	609,266	-
Fund Balance - End of year	**$ 580,766**	**$ 568,766**	**$ 581,723**	**$ 12,957**

Other Supplemental Information
Nonmajor Governmental Fund - Cable Commission
Budgetary Comparison
Year Ended December 31, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Charges for services	$ 100,000	$ 100,000	$ 113,431	$ 13,431
Investment income	-	-	1,848	1,848
Cable franchise fees	113,000	113,000	120,901	7,901
Total revenue	213,000	213,000	236,180	23,180
Expenditures - Current - General government	140,858	140,858	137,392	3,466
Net Change in Fund Balance	72,142	72,142	98,788	26,646
Fund Balance - Beginning of year	358,959	358,959	358,959	-
Fund Balance - End of year	**$ 431,101**	**$ 431,101**	**$ 457,747**	**$ 26,646**

Other Supplemental Information
Nonmajor Governmental Fund - Debt Service Fund
Budgetary Comparison
Year Ended December 31, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	$ 984,000	$ 984,000	$ 970,215	$ (13,785)
Investment income	1,000	1,000	120	(880)
Other revenue	1,800	1,800	1,517	(283)
Total revenue	986,800	986,800	971,852	(14,948)
Expenditures - Debt service				
Principal	915,000	915,000	915,000	-
Interest on long-term debt	214,233	214,233	214,233	-
Total expenditures	1,129,233	1,129,233	1,129,233	-
Net Change in Fund Balance	(142,433)	(142,433)	(157,381)	(14,948)
Fund Balance - Beginning of year	349,877	349,877	349,877	-
Fund Balance - End of year	**$ 207,444**	**$ 207,444**	**$ 192,496**	**$ (14,948)**

Other Supplemental Information
Nonmajor Governmental Fund - Improvement Revolving
Budgetary Comparison
Year Ended December 31, 2012

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Licenses and permits	$ 25,000	$ 25,000	$ 25,639	$ 639
State-shared revenue and grants	10,000	32,000	32,000	-
Investment income	10,000	10,000	7,000	(3,000)
Special assessments	-	-	35,369	35,369
Other revenue	-	-	396,261	396,261
Total revenue	45,000	67,000	496,269	429,269
Expenditures				
Capital outlay	128,000	168,944	658,163	(489,219)
Debt service	-	-	60,490	(60,490)
Total expenditures	128,000	168,944	718,653	(549,709)
Net Change in Fund Balance	(83,000)	(101,944)	(222,384)	(120,440)
Fund Balance - Beginning of year	1,940,765	1,940,765	1,940,765	-
Fund Balance - End of year	**$ 1,857,765**	**$ 1,838,821**	**$ 1,718,381**	**$ (120,440)**

Other Supplemental Information
Schedule of Changes in Assets and Liabilities
Agency Funds
Year Ended December 31, 2012

	Balance at January 1, 2012	Additions	Reductions	Balance at December 31, 2012
Tax Collections				
Assets - Cash and investments	**$ 1,272,706**	**$ 76,221,031**	**$ (76,391,360)**	**$ 1,102,377**
Liabilities				
Due to other governmental units	$ 1,184,888	$ 1,015,957	$ (1,191,688)	$ 1,009,157
Accrued liabilities and other	87,818	93,220	(87,818)	93,220
Total liabilities	**$ 1,272,706**	**$ 1,109,177**	**$ (1,279,506)**	**$ 1,102,377**
Other Agency Funds				
Assets				
Cash and investments	$ 875,784	$ 1,766,742	$ (1,872,306)	$ 770,220
Receivables	5,900	100	(6,000)	-
Total assets	**$ 881,684**	**$ 1,766,842**	**$ (1,878,306)**	**$ 770,220**
Liabilities				
Bonds and other deposits	$ 832,278	$ 589,697	$ (657,433)	$ 764,542
Accrued liabilities and other	49,406	1,194,362	(1,238,090)	5,678
Total liabilities	**$ 881,684**	**$ 1,784,059**	**$ (1,895,523)**	**$ 770,220**
Total Agency Funds				
Assets				
Cash and investments	$ 2,148,490	$ 77,987,773	$ (78,263,666)	$ 1,872,597
Receivables	5,900	100	(6,000)	-
Total assets	**$ 2,154,390**	**$ 77,987,873**	**$ (78,269,666)**	**$ 1,872,597**
Liabilities				
Due to other governmental units	$ 1,184,888	$ 1,015,957	$ (1,191,688)	$ 1,009,157
Bonds and other deposits	832,278	589,697	(657,433)	764,542
Accrued liabilities and other	137,224	1,287,582	(1,325,908)	98,898
Total liabilities	**$ 2,154,390**	**$ 2,893,236**	**$ (3,175,029)**	**$ 1,872,597**

Other Supplemental Information
Component Unit - Veterans' Memorial Fund
Fund-based Balance Sheet
December 31, 2012

	Modified Accrual	Full Accrual Adjustments	Full Accrual
Assets			
Cash and cash equivalents	$ 3,885	$ -	$ 3,885
Capital assets	-	68,291	68,291
Total assets	**$ 3,885**	**$ 68,291**	**$ 72,176**
Equity - Fund balance - Restricted	$ 3,885	$ (3,885)	$ -
Net Position			
Net investment in capital assets	-	68,291	68,291
Restricted - Veterans' Memorial	-	3,885	3,885
Total net position	**$ 3,885**	**$ 68,291**	**$ 72,176**

Other Supplemental Information
Component Unit - Veterans' Memorial Fund
Fund-based Schedule of Revenue and Expenditures
Year Ended December 31, 2012

	Modified Accrual	Full Accrual Adjustments	Full Accrual
Revenue - Charges for services	$ 1,442	$ -	$ 1,442
Expenditures			
Depreciation	-	2,179	2,179
General government	371	-	371
Total expenditures	371	2,179	2,550
Change in Fund Balance/Net Position	1,071	(2,179)	(1,108)
Fund Balance/Net Position - Beginning of year	2,814	70,470	73,284
Fund Balance/Net Position - End of year	**$ 3,885**	**$ 68,291**	**$ 72,176**

Statistical Section

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.

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental Activities					
Net investment in capital assets	$ 47,758,699	$ 46,760,305	$ 44,198,627	$ 46,058,221	$ 44,981,170
Restricted	4,448,658	4,414,219	4,271,716	4,475,349	4,444,665
Unrestricted	8,168,739	7,867,683	12,528,472	11,093,570	13,253,224
Total net position	**$ 60,376,096**	**$ 59,042,207**	**$ 60,998,815**	**$ 61,627,140**	**$ 62,679,059**
Business-type Activities					
Net investment in capital assets	$ 62,534,177	$ 72,853,886	$ 71,907,630	$ 73,978,739	$ 75,401,201
Restricted	692,679	-	-	-	-
Unrestricted	32,725,006	21,836,410	22,455,525	19,737,391	17,295,329
Total net position	**$ 95,951,862**	**$ 94,690,296**	**$ 94,363,155**	**$ 93,716,130**	**$ 92,696,530**
Primary Government in Total					
Net investment in capital assets	$ 110,292,876	$ 119,614,191	$ 116,106,257	$ 120,036,960	$ 120,376,289
Restricted	5,141,337	4,414,219	4,271,716	4,475,349	4,414,765
Unrestricted	40,893,745	29,704,093	34,983,997	30,830,961	30,584,535
Total net position	**$156,327,958**	**$153,732,503**	**$155,361,970**	**$155,343,270**	**$155,375,589**

Source: Township annual financial statements

Fiscal Year				
2008	2009	2010	2011	2012
$ 44,405,669	$ 44,754,072	$ 44,944,850	$ 45,135,692	$ 47,298,593
4,747,321	4,721,937	5,141,594	5,370,788	5,262,167
8,271,581	1,800,600	(2,877,686)	(6,048,239)	(9,709,009)
$ 57,424,571	**$ 51,276,609**	**$ 47,208,758**	**$ 44,458,241**	**$ 42,851,751**
$ 73,989,325	$ 71,654,120	$ 73,463,981	$ 71,947,707	$ 71,328,214
-	1,448,307	1,916,264	2,206,903	2,084,405
16,345,225	13,946,883	13,185,990	13,185,783	14,110,363
$ 90,334,550	**$ 87,049,310**	**$ 88,566,235**	**$ 87,340,393**	**$ 87,522,982**
$ 118,394,994	$ 116,408,192	$ 118,408,831	$ 117,083,399	$ 118,626,807
4,747,321	6,170,244	7,057,858	7,577,691	7,346,572
24,616,806	15,747,483	10,308,304	7,137,544	4,401,354
$147,759,121	**$138,325,919**	**$135,774,993**	**$131,798,634**	**$130,374,733**

	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
Special Items - Contribution of public safety assets	-	-	-	-
Change in Net Position	**$ (2,634,202)**	**$ (2,434,689)**	**$ 1,956,608**	**$ 796,319**

Source: Township annual financial statements

Fiscal Year					
2007	2008	2009	2010	2011	2012
$ 5,939,155	$ 11,429,795	$ 7,255,074	$ 6,997,818	$ 6,705,725	$ 6,941,413
2,294,339	2,581,511	2,948,594	2,833,152	2,419,633	2,252,893
23,402,306	24,510,932	28,665,369	27,946,504	24,652,327	29,836,433
1,410,631	1,456,737	1,488,139	1,392,747	1,240,541	1,499,568
355,029	926,691	674,698	931,781	746,742	831,566
1,866,519	1,487,700	3,095,731	2,705,335	2,188,419	1,662,882
5,643,072	5,806,047	5,868,354	5,571,380	4,897,241	4,138,458
624,659	603,194	802,289	277,941	302,836	284,155
41,535,710	48,802,607	50,798,248	48,656,658	43,153,464	47,447,368
2,976,906	3,129,723	3,537,865	3,095,082	2,130,007	2,730,919
1,693,652	1,853,358	1,795,195	1,480,037	1,302,460	1,175,963
784,770	794,250	1,426,080	2,058,194	2,026,482	7,580,204
604,994	527,704	376,323	482,410	346,073	344,960
167,659	218,830	396,331	112,540	79,046	93,411
945,881	1,040,496	1,174,611	1,221,313	1,268,767	1,289,312
446,262	464,852	470,264	508,384	575,408	575,165
7,620,124	8,029,213	9,176,669	8,957,960	7,728,243	13,789,934
694,940	698,365	2,007,831	2,149,749	1,785,418	992,965
-	-	-	285,650	-	896,439
8,315,064	8,727,578	11,184,500	11,393,359	9,513,661	15,679,338
(33,220,646)	(40,075,029)	(39,613,748)	(37,263,299)	(33,639,803)	(31,768,030)
26,572,411	27,913,339	27,751,648	27,303,992	24,615,307	21,598,342
6,007,200	5,948,420	5,237,324	4,983,146	5,146,592	5,502,059
1,677,529	953,573	209,413	150,336	125,441	96,075
-	-	72,587	88,087	929,916	978,271
113,895	122,869	194,814	284,228	72,030	237,360
(98,470)	(117,659)	-	-	-	-
34,272,565	34,820,542	33,465,786	32,809,789	30,889,286	28,412,107
-	-	-	-	-	1,749,433
$ 1,051,919	**$ (5,254,487)**	**$ (6,147,962)**	**$ (4,453,510)**	**$ (2,750,517)**	**$ (1,606,490)**

	Fiscal Year			
	2003	2004	2005	2006
Operating Revenue				
Water usage billings	$ 3,301,757	$ 3,538,589	$ 4,063,895	$ 4,262,268
Sewage disposal charges	8,497,681	8,599,796	8,740,176	8,733,548
Other sales to customers	53,710	39,365	47,312	40,050
Charges for services	295,499	264,737	157,204	275,271
State sources	17,940	14,283	84,496	269,320
Total operating revenue	12,166,587	12,456,770	13,093,083	13,580,457
Operating Expenses				
Cost of water	1,938,057	1,889,388	1,919,760	1,850,357
Cost of sewage disposal	5,176,929	5,262,612	5,306,515	5,483,009
Operation and maintenance costs	1,550,088	1,159,545	907,518	1,010,788
Billing and administrative costs	3,560,230	4,057,731	4,427,857	4,573,889
Depreciation	2,641,377	2,780,684	3,151,550	3,299,725
Other services and charges	62,537	244	-	186
Total operating expenses	14,929,218	15,150,204	15,713,200	16,217,954
Operating (Loss) Income	(2,762,631)	(2,693,434)	(2,620,117)	(2,637,497)
Nonoperating Revenue (Expense)				
Gain on sale of assets	-	-	-	-
Investment income	418,198	641,651	589,824	1,000,197
Interest expense	(454,023)	(330,667)	(173,999)	(171,412)
Total nonoperating (expense) revenue	(35,825)	310,984	415,825	828,785
(Loss) Income - Before contributions	(2,798,456)	(2,382,450)	(2,204,292)	(1,808,712)
Transfers In - Net	-	-	123,517	123,513
Capital Contributions	1,171,875	1,120,884	1,753,634	1,038,174
Change in Net Position	**$ (1,626,581)**	**$ (1,261,566)**	**$ (327,141)**	**$ (647,025)**
Change in Primary Government Net Position				
Change in governmental net position	$ (2,634,202)	$ (2,434,689)	$ 1,956,608	$ 796,319
Change in business-type net position	(1,626,581)	(1,261,566)	(327,141)	(647,025)
Total change in primary government net position	**$ (4,260,783)**	**$ (3,696,255)**	**$ 1,629,467**	**$ 149,294**

Fiscal Year					
2007	2008	2009	2010	2011	2012
$ 4,485,952	$ 4,433,736	$ 4,271,239	$ 5,178,302	$ 5,092,940	$ 5,411,677
9,260,007	9,749,175	10,589,084	10,835,754	11,588,492	12,824,921
35,705	21,244	15,400	22,561	25,940	28,365
184,124	154,716	135,092	262,589	253,699	253,335
509,898	70,023	33,336	49,046	19,414	373,980
14,475,686	14,428,894	15,044,151	16,348,252	16,980,485	18,892,278
1,929,798	1,877,558	2,073,815	1,750,817	1,667,552	1,671,016
5,445,964	6,581,257	5,798,600	6,543,296	7,010,894	7,343,946
1,264,007	730,997	991,427	943,623	708,744	548,469
4,674,404	4,747,777	5,702,312	4,485,462	5,272,625	5,270,602
3,462,368	3,759,641	3,910,157	3,459,145	3,438,847	3,686,911
125	1,469	-	-	-	-
16,776,666	17,698,699	18,476,311	17,182,343	18,098,662	18,520,944
(2,300,980)	(3,269,805)	(3,432,160)	(834,091)	(1,118,177)	371,334
-	-	-	-	9,405	-
721,961	552,486	292,311	252,947	153,224	66,050
(173,580)	(293,178)	(381,215)	(394,572)	(379,396)	(351,397)
548,381	259,308	(88,904)	(141,625)	(216,767)	(285,347)
(1,752,599)	(3,010,497)	(3,521,064)	(975,716)	(1,334,944)	85,987
98,470	117,659	-	-	-	-
634,529	530,858	235,824	2,492,641	109,103	96,601
$ (1,019,600)	**$ (2,361,980)**	**$ (3,285,240)**	**$ 1,516,925**	**$ (1,225,841)**	**$ 182,588**
$ 1,051,919	$ (5,254,487)	$ (6,147,962)	$ (4,453,510)	$ (2,750,517)	$ (1,606,490)
(1,019,600)	(2,361,980)	(3,285,240)	1,516,925	(1,225,841)	182,588
$ 32,319	**$ (7,616,467)**	**$ (9,433,202)**	**$ (2,936,585)**	**$ (3,976,358)**	**$ (1,423,902)**

	Fiscal Year			
	2003	2004	2005	2006
General Fund				
Reserved	$ -	$ -	$ -	$ -
Unreserved	764,627	1,347,204	1,885,305	1,365,898
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	764,627	1,347,204	1,885,305	1,365,898
All Other Governmental Funds				
Reserved	117,641	179,293	567,117	575,470
Unreserved, reported in:				
Special Revenue Funds	10,634,792	9,323,330	12,301,546	12,266,454
Capital Projects Funds	519,173	435,036	396,736	259,538
Debt Service Funds	336,053	305,245	286,406	294,627
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Total General Fund and all other governmental funds	**$ 12,372,286**	**$ 11,590,108**	**$ 15,437,110**	**$ 14,761,987**

Source: Township annual financial statements

Fiscal Year					
2007	2008	2009	2010	2011	2012
$ -	$ -	$ -	$ 131,037	$ -	$ -
1,737,438	2,076,456	2,254,966	1,481,735	-	-
-	-	-	-	41,258	40,404
-	-	-	-	1,703,984	793,124
-	-	-	-	792,173	1,872,425
1,737,438	2,076,456	2,254,966	1,612,772	2,537,415	2,705,953
493,090	571,938	738,941	954,024	-	-
12,936,271	8,373,298	7,084,171	6,877,134	-	-
185,125	146,288	79,198	86,883	-	-
328,023	362,295	73,179	331,124	-	-
-	-	-	-	6,915	3,466
-	-	-	-	3,937,880	3,870,100
-	-	-	-	4,606,791	4,942,477
$ 15,679,947	**$ 11,530,275**	**$ 10,230,455**	**$ 9,861,937**	**$ 11,089,001**	**$ 11,521,996**

	Fiscal Year			
	2003	2004	2005	2006
Revenue				
Property taxes	$ 22,396,355	$ 23,388,467	$ 24,586,576	$ 25,627,849
Intergovernmental revenue	7,827,753	7,620,465	8,158,010	7,716,269
Licenses and permits	1,092,417	1,170,341	1,316,715	1,377,918
Fines and forfeitures	2,778,621	2,764,971	2,459,084	2,132,806
Charges for services	2,238,494	2,315,956	2,281,763	2,450,490
Special assessments	514,872	489,562	475,639	452,038
Interest and miscellaneous	1,782,200	2,301,714	4,278,487	2,877,024
Total revenue	38,630,712	40,051,476	43,556,274	42,634,394
Expenditures				
Current:				
General government and district court	7,554,150	7,519,259	7,491,459	7,891,992
Public safety	21,427,773	22,184,623	22,227,359	22,875,205
Community and economic development	3,866,987	3,449,228	3,494,062	3,164,900
Recreation and culture	4,504,373	4,045,750	4,073,698	4,342,933
Miscellaneous	123,513	140,705	91,876	22,661
Capital outlay	2,798,810	2,324,405	1,015,745	3,426,996
Debt administration:	1,155,646			
Principal	*	564,735	601,090	814,805
Interest	*	604,949	590,466	646,512
Total expenditures	41,431,252	40,833,654	39,585,755	43,186,004
Excess of Expenditures (Under) Over Revenue	(2,800,540)	(782,178)	3,970,519	(551,610)
Other Financing Sources (Uses)				
Face value of debt issue	-	-	-	-
Debt premium	-	-	-	-
Transfers in	10,128,971	10,157,922	9,045,878	9,825,333
Transfers out	(10,128,971)	(10,157,922)	(9,169,395)	(9,948,846)
Payment to bond refunding escrow agent	-	-	-	-
Total other financing (uses) sources	-	-	(123,517)	(123,513)
Net Change in Fund Balances	(2,800,540)	(782,178)	3,847,002	(675,123)
Fund Balances - Beginning of year	15,172,826	12,372,286	11,590,108	15,437,110
Fund Balances - End of year	**$ 12,372,286**	**$ 11,590,108**	**$ 15,437,110**	**$ 14,761,987**
Debt service as a percentage of noncapital expenditures	2.99%	3.04%	3.09%	3.68%

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
$ 26,886,857	$ 27,972,916	$ 27,816,321	$ 27,487,340	$ 24,217,983	$ 21,220,749
6,794,515	7,213,496	7,660,834	7,177,942	7,090,287	7,213,657
1,151,351	1,207,258	1,164,144	1,366,130	300,769	364,258
2,135,331	2,176,313	2,120,660	1,792,007	1,586,332	1,411,839
2,444,256	2,497,863	2,900,239	3,715,399	3,894,382	9,606,043
446,262	760,745	748,705	808,083	858,299	864,927
2,860,554	2,284,495	1,490,876	1,790,264	1,825,496	2,824,124
42,719,126	44,113,086	43,901,779	44,137,165	39,773,548	43,505,597
7,779,594	13,800,090	8,277,219	9,070,564	8,470,321	7,615,207
22,941,441	23,540,465	26,409,209	26,270,382	22,620,407	27,782,168
3,390,156	1,901,477	2,919,236	2,117,054	1,249,546	1,671,165
4,548,647	6,229,423	4,858,451	4,722,679	4,138,183	3,412,416
29,846	13,504	43,954	269,934	142,218	36,378
1,701,797	1,326,510	1,055,415	808,788	648,183	1,258,568
779,755	765,225	856,452	904,749	990,000	1,040,000
531,460	568,405	781,663	341,533	287,626	275,864
41,702,696	48,145,099	45,201,599	44,505,683	38,546,484	43,091,766
1,016,430	(4,032,013)	(1,299,820)	(368,518)	1,227,064	413,831
-	-	-	-	-	957,919
-	-	-	-	-	27,722
8,898,465	9,400,000	8,500,000	8,500,000	7,450,000	7,550,000
(8,996,935)	(9,517,659)	(8,500,000)	(8,500,000)	(7,450,000)	(7,550,000)
-	-	-	-	-	(966,477)
(98,470)	(117,659)	-	-	-	19,164
917,960	(4,149,672)	(1,299,820)	(368,518)	1,227,064	432,995
14,761,987	15,679,947	11,530,275	10,230,455	9,861,937	11,089,001
$ 15,679,947	**$ 11,530,275**	**$ 10,230,455**	**$ 9,861,937**	**$ 11,089,001**	**$ 11,521,996**
3.28%	2.85%	3.70%	2.85%	3.37%	3.15%

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
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
2012	21,220,749	7,213,657	864,927	364,258	1,411,839	9,606,043	2,824,124	43,505,597

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
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
2012	7,615,207	27,782,168	1,671,165	3,412,416	1,258,568	1,315,864	36,378	43,091,766

Note: Includes all governmental fund types under modified accrual accounting

Sources: Township annual financial statements

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
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
2012	40,404	-	2,665,549	19,182,967	13.90

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

	Taxable Value by Property Type (1)					
	Real Property					
Tax Year	Residential	Commercial	Industrial	Agricultural and Other (2)	Personal	Total Value
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
2012	1,435,293,452	389,745,100	18,253,200	-	87,173,620	1,930,465,372

(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

Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a Percent of Total
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
10.89	3,948,172,000	48.90

	Millage Rates - Direct Township Taxes			Overlapping Taxes				
Tax Year	General Operating (1)	Debt	Total Direct Taxes	County Combined (4)	Community College	Intermediate School District	School - Principal (3)	School - Nonprincipal (3)
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
2012	10.3896	0.5000	10.8896	4.9461	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)	
Principal	Nonprincipal
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
32.6391	50.6391

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

	Taxpayer	Type of Business	2012 Taxable Value	Percentage of Total	2003 Taxable Value	Percentage of Total	2003 Rank
1	Detroit Edison	Utility	$ 26,695,130	1.38	$ 22,471,810	0.99	1
2	General Motors	Manufacturing	14,095,040	0.73	13,006,360	0.57	4
3	Cass Lake Shore Apt.	Apartment	7,910,000	0.41	7,779,180	0.34	6
4	Meijer	Retail	6,505,070	0.34	6,868,020	0.30	8
5	Rite Aid	Retail	6,375,720	0.33	5,929,419	0.26	-
6	Consumers Energy	Utility	6,134,200	0.32	11,034,620	0.49	5
7	Rivers Edge Apt.	Apartment	5,451,246	0.28	7,546,280	0.33	7
8	Kmart Corp.	Retail	4,880,028	0.25	4,636,027	0.20	-
9	Village Green	Apartment	4,653,710	0.24	4,327,950	0.20	-
10	Comcast Cable	Retail	4,595,460	0.24	4,181,868	0.18	-
	Total		**$ 87,295,604**	**4.52**	**$ 87,781,534**	**3.86**	
	Total Township taxable value		**$ 1,930,465,372**		**$ 2,272,736,593**		

Source: Township assessing department records

Charter Township of Waterford

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

Fiscal Year	Total Levy	Currrent Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected	Delinquent Tax Receivable
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
2012	20,819,579	19,509,375	93.71	1,211,043	20,720,418	99.52	100,959

(1) Not available

Source: Township Treasurer's Office records/Treasurer's settlement ad valorem

	2003	2004	2005	2006
Governmental Activities				
General obligation bonds	$ 13,335,000	$ 13,185,000	$ 14,630,000	$ 14,175,000
Installment purchase agreements	-	-	-	-
Special assessment bonds	569,000	470,000	380,000	290,000
Revenue bonds	-	-	-	-
Capital leases	-	-	-	-
Total	13,904,000	13,655,000	15,010,000	14,465,000
Business-type Activities				
General obligation bonds	12,050,000	4,835,000	4,665,000	4,485,000
Installment purchase agreements	-	-	-	-
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Capital leases	-	-	-	-
Total	12,050,000	4,835,000	4,665,000	4,485,000
Total debt of the government	**$ 25,954,000**	**$ 18,490,000**	**$ 19,675,000**	**$ 18,950,000**
Total taxable value	$ 2,272,736,593	$ 2,387,272,918	$ 2,496,516,302	$ 2,600,979,331
Ratio of total debt to taxable value	1.14%	0.77%	0.79%	0.73%
Total population	71,713	71,234	71,082	72,444
Total debt per capita	$ 362	$ 260	$ 277	$ 262
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)

2007	2008	2009	2010	2011	2012
$ 13,745,000	$ 13,095,000	$ 12,485,000	$ 10,995,000	$ 9,625,000	$ 8,337,969
-	-	-	-	-	-
200,000	110,000	20,000	10,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,945,000	13,205,000	12,505,000	11,005,000	9,625,000	8,337,969
6,151,308	14,577,085	15,471,528	16,529,634	18,263,706	19,328,651
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,151,308	14,577,085	15,471,528	16,529,634	18,263,706	19,328,651
$ 20,096,308	**$ 27,782,085**	**$ 27,976,528**	**$ 27,534,634**	**$ 27,888,706**	**$ 27,666,620**
$ 2,712,182,410	$ 2,706,150,524	$ 2,648,467,760	$ 2,260,548,870	$ 1,996,102,460	$ 1,930,465,372
0.74%	1.03%	1.06%	1.22%	1.40%	1.43%
68,258	74,277	70,678	70,749	71,798	72,171
$ 294	$ 374	$ 396	$ 389	$ 388	$ 383
(1)	(1)	28,387	28,518	29,401	26,423
(1)	(1)	1.39%	1.36%	1.32%	1.45%

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
2003	$ 12,760,000	$ 12,625,000	$ 336,053	$ 12,998,947	$ 2,272,736,593	0.57	71,713	$ 181
2004	5,770,000	12,250,000	305,245	12,879,755	2,387,272,918	0.54	71,234	181
2005	7,470,000	11,825,000	286,406	14,343,594	2,496,516,302	0.57	71,082	202
2006	7,310,000	11,350,000	294,628	13,880,372	2,600,979,331	0.53	72,444	192
2007	9,071,308	10,825,000	328,023	13,416,977	2,712,182,410	0.49	68,258	197
2008	17,422,085	10,250,000	362,295	12,732,705	2,706,150,524	0.47	74,277	171
2009	18,441,528	9,515,000	79,879	12,320,121	2,648,467,760	0.47	70,678	174
2010	18,779,634	8,745,000	331,124	10,663,876	2,260,548,870	0.47	70,749	151
2011	20,003,706	7,885,000	349,877	27,538,829	1,996,102,460	1.38	71,798	384
2012	20,696,620	6,970,000	192,496	27,474,124	1,930,465,372	1.42	72,171	381

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

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	$ 121,431,283	3.92	$ 4,760,106
School districts:			
Waterford School District	86,845,000	86.33	74,973,288
Pontiac School District	20,004,000	1.98	396,079
Clarkston School District	159,061,379	2.01	3,197,134
Oakland Community College	4,435,000	3.95	175,183
Intermediate School District	61,705,000	3.93	2,425,007
Total overlapping debt	453,481,662		85,926,797
Direct Township debt	8,337,969	100.00	8,337,969
Total direct and overlapping debt	**$ 461,819,631**		**$ 94,264,766**

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

	2003	2004	2005	2006
Calculation of Debt Limit (1)				
State equalized valuation	$ 2,910,011,293	$ 3,078,303,448	$ 3,167,119,220	$ 3,252,654,809
Debt limit (10% of equalized value)	291,001,129	307,830,345	316,711,922	325,265,481
Calculation of Debt Subject to Limit				
Total debt	25,954,000	18,318,479	19,675,000	18,950,000
Special assessment bonds	569,000	470,000	380,000	290,000
Enterprise Fund bonds	12,050,000	4,835,000	4,665,000	4,485,000
Net debt subject to limit	13,335,000	13,013,479	14,630,000	14,175,000
Legal debt margin	**$ 277,666,129**	**$ 294,816,866**	**$ 302,081,922**	**$ 311,090,481**
Net debt subject to limit as percentage of debt limit	4.80%	4.41%	4.84%	4.56%

(1) 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)

2007	2008	2009	2010	2011	2012
$ 3,305,206,080	$ 3,156,915,170	$ 2,913,133,370	$ 2,356,726,670	$ 2,050,367,380	$ 1,974,086,000
330,520,608	315,691,517	291,313,337	235,672,667	205,036,738	197,408,600
20,096,308	27,782,085	27,976,528	27,534,634	27,888,706	27,666,620
200,000	110,000	20,000	10,000	-	-
6,151,308	14,577,085	15,471,528	16,529,634	18,263,706	19,328,651
13,745,000	13,095,000	12,485,000	10,995,000	9,625,000	8,337,969
$ 316,775,608	**$ 302,596,517**	**$ 278,828,337**	**$ 224,677,667**	**$ 195,411,738**	**$ 189,070,631**
4.34%	4.33%	4.48%	4.89%	4.93%	4.41%

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
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
2012	72,171	(10)	1,906,974	27,700	26,423	37.5	8.8

(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
(10) 2011 Census Department - American Community Survey Data Profile Review

Principal Employers (Unaudited)

	Taxpayer	Enterprise	2012 Employees (2)	Percentage of Total	2003 Employees	Percentage of Total
1	Waterford School District	Education	1,404	5.4%	(1)	(1)
2	Oakland County	Government	1,351	5.2%	(1)	(1)
3	Road Commission for Oakland County	Transportation	419	1.6%	(1)	(1)
4	Township of Waterford	Government	299	1.1%	(1)	(1)
5	Oakland Intermediary Schools	Education	252	1.0%	(1)	(1)
6	Meijer	Retail	244	0.9%	(1)	(1)
7	Pantastar Aviation	Air transportation	228	0.9%	(1)	(1)
8	Canterbury Healthcare, Inc.	Nursing care	223	0.9%	(1)	(1)
9	Kmart Corporation	Retail	177	0.7%	(1)	(1)
10	Oakland Community College	Education	166	0.6%	(1)	(1)
	Total		**4,763**		**(1)**	
	Total Township employment (3)		**26,118**		**(1)**	

(1) Not available
(2) Data is from various sources
(3) Southeast Michigan Council of Governments Regional Data

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

Department	2003	2004	2005	2006	2007	2008	2009	2010 (5)	2011	2012
Supervisor/Assessing	10	9	9	9	9	9	9	7	6	7
Clerk's office	7	6	6	6	6	6	6	6	5	6
Treasurer's office	7	7	7	7	7	7	6	6	6	6
Fiscal and human resources	4	3	3	3	3	3	2	2	2	2
51st District Court	35	35	31	31	31	31	30	25	25	23
Planning and development	15	14	12	9	8	7	7	6	5	3
Information systems	4	4	4	5	5	4	5	4	3	3
Facilities and operations (2)	12	11	10	10	10	10	10	8	8	10
Building and engineering	16	11	10	10	10	10	9	9	9	8
Parks and recreation (4)	13	14	13	13	13	13	12	10	9	6
Police department	117	112	107	104	99	99	99	71	64	65
Fire department (3) (6)	69	69	68	68	67	68	71	67	64	106
Library	20	20	20	21	21	21	20	19	13	13
Water and sewer (2)	52	54	54	51	51	51	50	43	42	41
Hess-Hathaway Farm (4)	1	-	-	-	-	-	-	-	-	-
CAI building (4)	3	-	-	-	-	-	-	-	-	-
Total	**385**	**369**	**354**	**347**	**340**	**339**	**336**	**283**	**261**	**299**

(1) Full-time employees reported only; data is not available for equivalent part-time position.
(2) In 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)
(6) In 2012, the Township began providing fire service to Pontiac, which increased staffing by 42 positions.

Source: Township personnel records

Function/Program	2003	2004	2005	2006
Police:				
Physical arrests	2,245	2,367	2,023	2,668
Traffic violations	10,840	10,290	11,288	8,437
Non-traffic misdemeanors	1,175	947	810	761
Non-traffic civil infractions	164	385	357	417
Fire:				
Emergency responses	5,108	4,777	5,009	5,060
Fires extinguished	220	167	173	170
Inspections	(1)	(1)	572	522
Parks and recreation - Recreation programs (estimated)	638	690	676	703
Library:				
Circulation (books borrowed)	368,557	315,009	357,064	375,251
Collection volume	126,965	132,262	141,518	137,744
Visits - Walk-ins	(1)	(1)	(1)	(1)
Visits - Website	(1)	(1)	(1)	(1)
Water:				
New connections (2)	160	165	156	135
Water main breaks	49	25	27	19
Total consumption (billed cubic feet)	390,076,683	374,382,629	388,727,883	373,262,721
Average annual consumption per customer (gallons)	73,843	68,068	70,582	68,545

(1) Information not available
(2) 2005 and forward reflect a change in source of data

Source: Township departmental operational reports

2007	2008	2009	2010	2011	2012
2,144	2,231	1,832	1,492	1,614	1,829
8,792	9,700	10,160	6,359	4,935	6,645
614	702	704	527	463	456
297	952	611	272	374	188
5,540	5,799	5,819	5,953	6,080	10,025
186	154	137	166	147	605
393	1,751	1,107	948	550	959
729	768	782	795	783	792
395,904	388,866	412,284	401,022	366,837	347,496
174,029	177,766	158,316	177,320	165,989	179,022
264,453	287,965	308,638	297,142	259,155	235,971
252,019	272,215	227,856	144,139	148,731	149,836
70	113	101	67	70	58
13	16	27	15	28	22
381,132,096	353,426,861	320,941,837	316,715,587	309,809,655	320,451,892
69,055	65,953	60,536	59,339	58,442	58,292

Operating Information
Capital Asset Statistics (Unaudited)

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	31	31	31	31	31	45	51	52	46	49
Fire:										
Stations	5	5	5	5	5	5	5	5	5	10
Trucks	13	15	15	15	15	15	14	14	14	24
Parks and recreation:										
Acreage	684	684	684	684	684	709	714	854	854	854
Playgrounds	9	8	8	9	9	8	8	8	8	8
Soccer fields	6	6	6	6	6	6	6	7	7	7
Baseball/Softball diamonds	13	13	13	13	13	13	14	13	13	13
Libraries - Branches	2	2	2	2	2	2	2	1	1	1
Water:										
Mains (miles)	(1)	332	350	350	350	350	350	350	350	350
Fire hydrants	(1)	3,447	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Storage capacity (millions of gallons)	8.25	8.25	8.25	8.50	8.50	8.50	8.50	8.50	8.50	8.50
Sewer - Miles of sanitary sewers	(1)	332	350	350	350	350	350	350	350	350

(1) Information not available

Source: Department correspondence