

Charter Township of Waterford, Michigan

Comprehensive Annual Financial Report



**For the Fiscal Year Ended
December 31, 2016**

Charter Township of Waterford

Contents

Introductory Section

Letter of Transmittal	i-ix
Organizational Chart	x
Certificate of Achievement	xi
List of Principal Officials	xii
Labor Agreements	xiii
Fund Organizational Chart	xiv

Financial Section

Report Letter	1-3
Management's Discussion and Analysis	4-14
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	15-16
Statement of Activities	17-18
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	19
Reconciliation of the Balance Sheet to the Statement of Net Position	20
Statement of Revenue, Expenditures, and Changes in Fund Balances	21
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Proprietary Funds:	
Statement of Net Position	23
Statement of Revenue, Expenses, and Changes in Net Position	24
Statement of Cash Flows	25
Fiduciary Funds:	
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position - Pension and Other Postemployment Benefits	27

Charter Township of Waterford

Contents (Continued)

Basic Financial Statements (Continued)

Fund Financial Statements (Continued):

Component Units:

Statement of Net Position	28
Statement of Activities	29-30

Notes to Financial Statements	31-70
-------------------------------	-------

Required Supplemental Information

Budgetary Comparison Schedule - General Fund	72
--	----

Budgetary Comparison Schedule - Major Special Revenue Funds:

Police Fund	73
Fire Fund	74

Note to Required Supplemental Information	75-76
---	-------

Police and Fire Retirement System:

Schedule of Changes in the Net Pension Liability and Related Ratios	77
Schedule of Investment Returns	78
Schedule of Township Contributions	79

General Employees' Retirement System:

Schedule of Changes in the Net Pension Liability and Related Ratios	80
Schedule of Investment Returns	81
Schedule of Township Contributions	82

OPEB System Schedule	83
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Other Supplemental Information

Description of Nonmajor Funds	85-86
-------------------------------	-------

Nonmajor Governmental Funds:

Combining Balance Sheet	87-88
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	89-90
Budgetary Comparison	91-98

Internal Service Funds:

Combining Statement of Net Position	99
Combining Statement of Revenue, Expenses, and Changes in Net Position	100
Combining Statement of Cash Flows	101

Fiduciary Funds:

Combining Statement of Fiduciary Net Position	102
Combining Statement of Changes in Fiduciary Net Position	103
Statement of Changes in Assets and Liabilities	104

Component Unit - Veterans' Memorial Fund:

Fund-based Balance Sheet	105
Fund-based Schedule of Revenue and Expenditures	106

Charter Township of Waterford

Contents (Continued)

<u>Statistical Section</u>	107
Contents	108
Financial Trend Information:	
Net Position by Component	109-110
Changes in Governmental Net Position	111-112
Changes in Business-type Net Position	113-114
Fund Balances - Governmental Funds	115-116
Changes in Fund Balances - Governmental Funds	117-118
General Government Revenue History	119
General Government Expenditure History	120
General Fund Balance Compared to Annual Expenditures	121
Revenue Capacity Information:	
Assessed Value and Actual Value of Taxable Property	122-123
Direct and Overlapping Property Tax Rates	124-125
Principal Property Taxpayers	126
Property Tax Levies and Collections	127
Debt Capacity Information:	
Ratios of Outstanding Debt	128-129
Ratios of General Bonded Debt Outstanding	130
Direct and Overlapping Debt	131
Legal Debt Margin	132-133
Demographic and Economic Information:	
Demographic and Economic Statistics	134
Principal Employers	135
Operating Information:	
Full-time Equivalent Government Employees	136
Operating Indicators	137-138
Capital Asset Statistics	139



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June 21, 2017

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, the administration is submitting the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2016. 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 a Charter Township organized and regulated by Act 359 of 1947. Policy-making and legislative authority are vested in a seven member Board. The executive function is distributed between the Township Supervisor, Clerk and Treasurer; all of whom are full time, elected officials that also sit on the Board. The remaining four members are elected at large in partisan elections and are part-time legislators. The Board is responsible for passing ordinances, determining policy, and adopting the budget.

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

With us there are no boundaries

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 35.3 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 is a designated general aviation reliever airport serving individuals, businesses and industries in Oakland County, the State of Michigan and the nation. OCIA is ranked as the world's twelfth busiest general aviation airport with an average of approximately 120,000 takeoffs and landings annually. More than 150 corporations base aircraft at OCIA, many with several aircraft. Over 554 aircraft are based at the airport, and their value is in excess of \$200 million. The Canadian National (formerly the Grand Trunk) Railroad traverses the Township from Southeast to Northwest. The railroad provides shipping access to several Township businesses.

Per the 2007-2011 ACS published by the U.S. Census Bureau, the major employment sectors within Waterford Township are Education and Health Care Services; Retail Trade; Arts, Entertainment, Accommodations; Manufacturing; Professional, Scientific, Management. However, there is still room to grow. 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. Safety Technology International is a family owned company that is a worldwide supplier of products for the fire and safety industry. 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

While commercial development remained constant, residential development within Waterford Township began to increase significantly in 2013 after suffering from the economic downturn and high unemployment levels that plagued southeastern Michigan since 2007. Banks are once again willing to loan money for home mortgages and that has helped to rekindle the housing market in Waterford. 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. In 2016 Waterford Township issued about the same number of new permits as it did in 2015; which is approximately ten times as many as were issued in 2011 when the economic crisis was at its peak.

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
2016	69	0	4	470
2015	72	0	5	511
2014	52	0	4	442
2013	31	0	3	408
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

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

Area Demographics (continued)

Oakland County and Waterford Township were impacted by the trying economic environment of the nation and the state. There are signs of improvement in this area as the County had an annual unemployment rate of 6.8 percent for 2014 but decreased to 4.8 percent in 2015 and remained consistent at that level in 2016. Future job growth will be dependent on the economic recovery efforts at both the state and federal levels.

Oakland County has been AAA-Bond Rated since the mid 1990's and is considered a leader in Economic Development in the State of Michigan. Oakland County has consistently scored near the top of 35 U.S. Counties of similar size based on leading economic indicators as compiled and studied by Donald Grimes and George Fulton from the University of Michigan.

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 was 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 was 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. Per the US Census Bureau, however, the percent change in population for all of Oakland County between April 2010 and July 2014 was estimated to be about 3 percent. For Waterford Township, the percent change in population during this same time period was slightly lower than that, or 2 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 (GAAP). The internal control structure is designed to provide reasonable, rather than absolute assurance, that these objectives are met because the cost of a control should not exceed the benefits derived. 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.

Internal and Budgetary Control (continued)

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.

Another control feature 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 and that the financial statements are free of any material misstatements.

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 valued by its Actuaries to stay in reporting compliance and to use in and report on its long-term legacy costs. Both of Waterford's Pension Systems (General Employees and Police and Fire) are now closed to new hires. New hires participate in 401-K Style Defined Contribution Plans. These changes were made to help the Township curtail some of its long-term obligations and develop a more predictable financial model.

The dramatic decline in property values continued through 2013. Property values for 2017 are projected to rise modestly over time. The Headlee Amendment will 'dampen' any revenue gains the Township will see going forward in the short and intermediate future due to a continued low inflationary cycle. The Library and a Fire Millage were renewed in 2012. The 2014 Police Renewal was vital to the Township's long range plans and the ability to provide services. A modest Parks and Recreation Millage request was passed by voters in August of 2014. This 'dedicated' Parks and Recreation

Long Term Financial Planning (continued)

Millage helped shore up and help sustain the non state mandated recreational services provided by the Township's Parks and Recreation Department. Public Safety had (3) millage renewals in 2016. These millage renewals were vital for Waterford's Public Safety Departments to provide essential 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 P.A. 152 in August 2012. This Act relates to health care costs. The Township is implementing the most fiscally conservative option under P.A. 152. The estimated savings will be \$1.2 million annually once it was fully implemented in its first year for all employee groups. In 2013, the Township changed its Retiree Health Care plan. This change was estimated to save the Township \$350,000 in its first year of implementation. Subsequently, the Township has changed its Retiree Prescription plan which is estimated to save \$400,000 over previous plan offerings. Volatility in the stock market could also impact, either in a positive or negative manner the Township's funding for the defined benefit pension plans and the retiree health trust fund. All employee group new hires are now enrolled in Defined Contribution Retirement Plans. These new DC plans are more closely aligned with private-sector benefit offerings and are expected to help the Township in its long-range planning.

Waterford Township's Bond Rating was upgraded in the spring of 2014 from A+/Stable to AA/Stable by Standard and Poor's (S&P) Rating Service. A bond rating to a Municipality is like a FICO Credit Score to an individual. If the Township issues new debt or refinances existing debt it can do so at more favorable terms. A higher Bond Rating is an indication of underlying financials and financial management choices that have been made.

Relevant Financial Policies

The accounting policies of the Township conform to Generally Accepted Accounting Principles (GAAP) in the United States of America 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. The Township continues to work closely with its auditors and actuaries and strives to adhere to all applicable accounting principles.

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. Interest rates have declined significantly resulting in minimal interest earning as a revenue source.

Risk Management

The Charter Township of Waterford is a member of the Michigan Municipal Risk Management Authority (MMRMA). The MMRMA is a self-insured association with a membership of approximately 330 Michigan local governmental units. It provides risk management, claims administration, legal defense, and reinsurance services for its members. As a member, Waterford Township has liability coverage of up to \$15,000,000 per occurrence. Our self-insured retention is \$100,000 per occurrence. We are actively involved in risk control through supervisory and employee training, facilities inspections, and utilization of the MMRMA Risk Control Staff.

Waterford Township is also self-insured for workers' compensation coverage. The Township has retained the services of Comprehensive Risk Services (CRS) as a third-party administrator to monitor and pay workers' compensation claims on its behalf. The Township, in cooperation with CRS, aggressively manages claims and works to reduce on-the-job injuries through safety training, inspections and an employee safety committee. The Township is self-insured for the first \$400,000 per occurrence in claims for Worker's Compensation events. The Township has insurance coverage for events that exceed the \$400,000 threshold. As such, the Township has set-aside resources that appear on the Governmental Funds Balance Sheet titled, 'Worker's Compensation' in case the Township should experience large Worker's Compensation events. In 2013 the Township Board moved these funds by resolution from an 'assigned' designation to

Risk Management (continued)

a 'committed' designation, which shows the intent to leave these resources specifically for Worker's Compensation events.

By taking on more risk and self-insuring, the Township has realized substantial savings. 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 its will on each entity.

Independent Audit

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

In addition, Plante & Moran conducted the federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. This report is issued separately.

While the independent auditor has expressed an unmodified 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 (GFOA) of the United States and Canada 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, 2015. This was the eleventh 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

AWARDS AND RECOGNITIONS (continued)

comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles (GAAP) 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

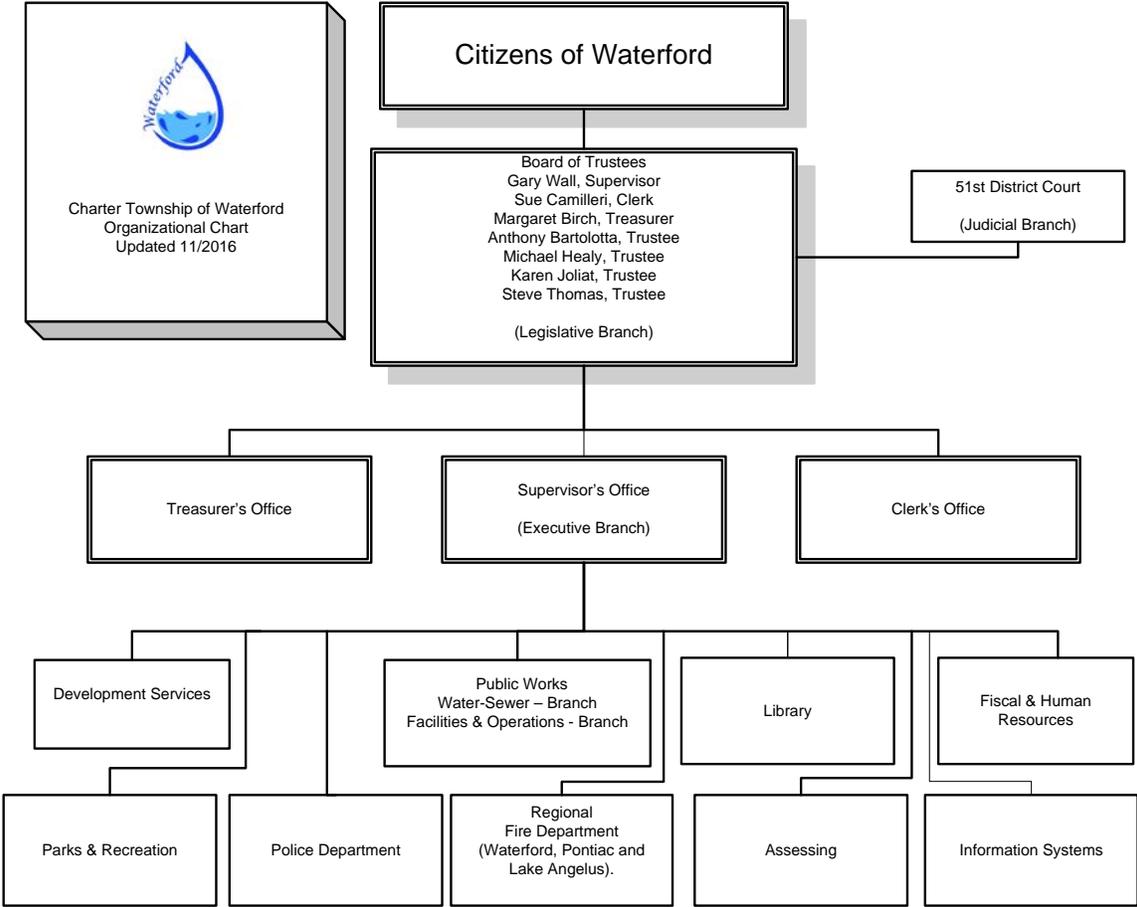


Sue Camilleri
Township Clerk



Margaret Birch
Township Treasurer

Organizational Chart





Government Finance Officers Association

**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, 2015

Executive Director/CEO

**Charter Township of Waterford
List of Principal Officials
Year Ended December 31, 2016**

Supervisor's Office

Supervisor

Gary Wall

Clerk's Office

Clerk

Sue Camilleri

Deputy Clerk

Kari L. Vlaeminck

Accounting Manager

Barbara L. Miller

Treasurer's Office

Treasurer

Margaret Birch

Deputy Treasurer

Sandy J. Pulk

Assessing

Chief Assessor

Carol Hargan

Deputy Assessor

Paula Moore

Development Services

Director and CDBG

Robert A. Merinsky

Superintendent of Building

Brent A. Gibson

Superintendent of Planning and Zoning

Larry R. Lockwood

Fire

Chief

John H. Lyman

Deputy Chief

Matthew J. Covey

Fiscal and Human Resources

Human Resources Director

Louis W. Feurino

Budget Director

Derek C. Diederich

Assistant Budget Director

Barbara L. Miller

Information Systems

Director

Jared W. Black

Library

Director

Joan M. Rogers

Parks and Recreation

Director

Alison Swanson

Police

Chief

Scott Underwood

Deputy Chief

Jeffrey H. James

Public Works

Director

William A. Fritz

Water and Sewer Superintendent

Russell D. Williams

Administrative Superintendent

Derek C. Diederich

Facilities and Operations Superintendent

David M. Papke

**Charter Township of Waterford
Labor Agreements
Year Ended December 31, 2016**

<u>Bargaining Unit</u>	<u>Expiration Date</u>	<u>Number of Employees</u>
Michigan Association of Police - Represents police officers and crime scene investigators	12/31/2017	41
Command Officers Association of Michigan - Represents police sergeants and lieutenants	12/31/2017	11
International Association of Firefighters - Represents all firefighting personnel	12/31/2015	139
Michigan Association of Police - Represents dispatchers	12/31/2018	10
Teamsters State, County, and Municipal Workers - Represents clerical, public works employees, building inspectors, and ordinance officers	12/31/2018	103

**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
Cable Commission	250
Community Development Block Grant	260-263
Library	270
Library Donations	271
Parks & Recreation	280
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	
Fire Unemployment Costs	316
Motor Pool	360
Trust and Agency Funds	
Tax Collection	703
Regular Employee Pension	731
Police and Fire Pension	732
Retiree Health Fund	733
Other Agency	701-752

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the Charter Township of Waterford (the "Township") as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Charter Township of Waterford'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 opinions.

To the Board of Trustees
Charter Township of Waterford

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the Charter Township of Waterford as of December 31, 2016 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 and required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter Township of Waterford's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory section and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

The introductory section 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.

To the Board of Trustees
Charter Township of Waterford

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2017 on our consideration of the Charter Township of Waterford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide 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 Charter Township of Waterford's internal control over financial reporting and compliance.

Plante & Moran, PLLC

June 21, 2017

Charter Township of Waterford

Management's Discussion and Analysis

Financial Highlights

The following represents the most significant financial highlights for the year ended December 31, 2016:

- Total 2016 General Fund revenue was \$589,202 above 2014 revenue and \$588,774 below 2010 revenue. The majority of the current year increase is attributable to a one-time adjustment to the recording of state-shared revenue described below. One area where revenue moderately increased in 2016 was building permit fees which were up \$74,199 over the prior year. Property taxes continue to be the largest source of revenue (36.75 percent of all General Fund revenue). Property tax revenue is expected to produce very modest increases, due to the limitations of the Headlee Amendment going forward.
- State-shared revenue and grants, despite dramatic cuts over the past 10 years, remain the Charter Township of Waterford's (the "Township") second largest revenue source. During the Township's 2016 fiscal year, state revenue sources increased modestly by \$56,971. State revenue sharing is \$1,801,841 below the amount received in 2001, which is a loss of 23.64 percent. The reader should note that for 2016 there was a one-time accrual timing adjustment posted in this category of \$1,019,343 (not included in comparison to prior year) to more closely align the Township to the State of Michigan's disbursement schedule. This is a one-time adjustment and in no way constitutes reoccurring revenue.
- Revenue from district court fees and fines increased \$35,184 (3.3 percent) from the previous year. District court fines and fees revenue for 2016 was \$1,376,071 below the 2004 amount. This is a reduction of 56.20 percent over the past 12 years.
- General Fund expenditures and operating transfers out for fiscal year 2016 were more than 2015 - increasing by \$1,210,045.
- The unassigned General Fund fund balance at year end was \$7,254,216. During fiscal year 2016, the General Fund unassigned fund balance increased by \$1,449,511; keeping in mind that the one-time state-shared revenue accrual adjustment of \$1,019,343 occurred in FY 2016. The December 31, 2016 unassigned fund balance for the General Fund is 41.14 percent of total 2016 General Fund expenses including transfers to public safety. Our bare minimum fund balance target is 15 percent, though bond agencies and many analysts prefer 20 to 30 percent as a sign of a financially healthy municipality; this cash position has to be tempered with a community's longer-range outlook, debt ratio, and unfunded long-term liabilities, as well as deferred maintenance activities.
- The Police Fund fund balance increased by \$505,697 in fiscal year 2016. Staff reductions in prior years within the police department were the primary driver of these results. The Police Fund fund balance at December 31, 2016 is \$3,016,465 or 25.20 percent of annual expenses.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

The Fire Fund fund balance decreased by \$228,981 in fiscal year 2016. In 2009, the Fire Department began patient transport and invested in additional staffing and equipment. In subsequent years, the department was able to recover some of the investment via fees charged for transport services. In February 2012, the Fire Department began providing fire suppression services for the City of Pontiac, Michigan and therefore, became a Regional Fire Department. The new revenue helped offset some losses in property tax revenue. The fire department continues to look to grant opportunities to augment its service levels. In 2016, the Waterford Fire Department was awarded \$8.6 million over a 24-month period to hire 39 additional firefighters. This was made possible by a federal assistance to firefighters grant from the federal government. Waterford financial staff conducted an in-house actuarial study that permitted prefunding of separation costs which helped protect the Township's future financial interests - an important aspect of the grant as a whole. The Fire Fund fund balance at December 31, 2016 is \$2,045,901 or 12.67 percent of annual expenses. While the fund balance is a little lower than desired, the fire department and Township remain vigilant in the financial planning process.

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.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

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	
	2015	2016	2015	2016	2015	2016
Assets						
Other assets	\$ 48.1	\$ 51.4	\$ 24.5	\$ 25.6	\$ 72.6	\$ 77.0
Capital assets	<u>52.8</u>	<u>52.1</u>	<u>111.5</u>	<u>111.1</u>	<u>164.3</u>	<u>163.2</u>
Total assets	100.9	103.5	136.0	136.7	236.9	240.2
Deferred Outflows of Resources	7.9	3.3	1.0	1.1	8.9	4.4
Liabilities						
Current liabilities	4.7	6.6	4.1	3.9	8.8	10.5
Long-term liabilities	<u>63.1</u>	<u>62.5</u>	<u>40.5</u>	<u>40.4</u>	<u>103.6</u>	<u>102.9</u>
Total liabilities	67.8	69.1	44.6	44.3	112.4	113.4
Deferred Inflows of Resources	<u>23.8</u>	<u>25.0</u>	<u>0.3</u>	<u>0.3</u>	<u>24.1</u>	<u>25.3</u>
Net Position						
Net investment in capital assets	47.4	47.8	75.4	76.1	122.8	123.9
Restricted	5.5	5.5	3.0	1.1	8.5	6.6
Unrestricted (deficit)	<u>(35.7)</u>	<u>(40.6)</u>	<u>13.7</u>	<u>16.0</u>	<u>(22.0)</u>	<u>(24.6)</u>
Total net position	<u>\$ 17.2</u>	<u>\$ 12.7</u>	<u>\$ 92.1</u>	<u>\$ 93.2</u>	<u>\$ 109.3</u>	<u>\$ 105.9</u>

The Township's combined net position decreased in 2016. The governmental activities portion of net position decreased approximately \$4.5 million from the prior year. The reader should keep in mind that other postemployment employee benefit obligations (OPEB, for short) are retiree healthcare benefits promised to employees, but not fully prefunded in 2016 or in years prior. In 2018, the full OPEB obligation will be represented in the chart above and will substantially change the metrics above.

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 1.37 percent of the statutorily allowed debt.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

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 2016 decreased by \$800,000 from the 2015 fiscal year. The reader should keep in mind that the timing and grant expiration of the Federal SAFER Grant in the Fire Department had an impact on this outcome. Looking line to line will give the reader a better understanding of the changes per activity group.

Governmental expenses were up \$700,000 in 2016. This change was in the general government category, which included \$1.4 million related to a lawsuit settlement. In late spring/early summer 2017, the Waterford Township Board of Trustees approved a class action settlement in the case of Mason v. Waterford for \$1.4 million. The details of this settlement are still pending and will become available on the Township's website when finalized. A liability is reflected on the Township's government-wide financial statements to accommodate this matter.

In the business-type activities (Water and Sewer Fund), charges for services revenue was up \$1.3 million. This was due to customer demand changes and home occupancy rates, as well as pass-through sewer rate increases from Oakland County and the Great Lakes Water Authority (formerly Detroit Water and Sewerage Department). There was also a water rate increase in late 2014 to help pay for capital improvements. The last previous water rate adjustment was in 2010.

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Revenue						
Program revenue:						
Charges for services	\$ 13.9	\$ 14.2	\$ 21.7	\$ 23.0	\$ 35.6	\$ 37.2
Operating grants and contributions	4.8	2.7	-	-	4.8	2.7
Capital grants and contributions	-	-	0.8	0.2	0.8	0.2
General revenue:						
Property taxes	22.0	22.6	-	-	22.0	22.6
State-shared revenue	5.8	5.9	-	-	5.8	5.9
Unrestricted investment earnings	0.2	0.2	0.1	0.1	0.3	0.3
Cable franchise fees	1.2	1.2	-	-	1.2	1.2
Miscellaneous	0.5	0.8	-	-	0.5	0.8
Total revenue	48.4	47.6	22.6	23.3	71.0	70.9
Program Expenses						
General government	8.5	10.0	-	-	8.5	10.0
Public safety:						
Fire and police	33.8	32.6	-	-	33.8	32.6
Building inspection	1.1	1.1	-	-	1.1	1.1
Public works	0.3	0.5	-	-	0.3	0.5
District Court	2.0	2.1	-	-	2.0	2.1
Community and economic development	1.4	1.4	-	-	1.4	1.4
Recreation and culture	4.1	4.2	-	-	4.1	4.2
Interest on long-term debt	0.2	0.2	-	-	0.2	0.2
Water and sewer	-	-	21.9	22.2	21.9	22.2
Total program expenses	51.4	52.1	21.9	22.2	73.3	74.3
Change in Net Position	(3.0)	(4.5)	0.7	1.1	(2.3)	(3.4)
Net Position - Beginning of year	20.2	17.2	91.4	92.1	111.6	109.3
Net Position - End of year	<u>\$ 17.2</u>	<u>\$ 12.7</u>	<u>\$ 92.1</u>	<u>\$ 93.2</u>	<u>\$ 109.3</u>	<u>\$ 105.9</u>

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Governmental Activities

The Township's governmental revenue totaled approximately \$47.6 million, with the greatest revenue source being property taxes. Property taxes made up approximately 47.44 percent of total governmental revenue in 2016. That percentage is up from approximately 45.45 percent of total governmental revenue in 2015. The Pontiac fire service contract has changed the Township's revenue proportions and the Federal SAFER Grant in 2015 had a similar effect. Before 2008, property taxes had traditionally been a secure and growing revenue source for the Township. Unfortunately, due to the collapse in the housing market beginning in 2008, this secure source started to decline in 2009 through 2014. 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 about 1 to 2 percent per year in 2017 and 2018.

Total 2016 governmental expenses for the Township were approximately \$52.1 million. Of this, 62.57 percent of all expenses were in the area of police and fire service; the same ratio in 2015 was 65.76 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, as well as adds an agent to prevent corrosion. 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 the Great Lakes Water Authority. Traditionally, 40 to 50 percent of the average residential sewer bill in Waterford is sent to Oakland County Drain and the authority for their services. The county maintains the interceptor sewer that Waterford's smaller mains flow into and the regional authority treats and ultimately discharges water back into the Detroit River.

System revenue is primarily from fees paid by customers based on use. User fees made up approximately 98.71 percent of all revenue in 2016.

The business-type activities expenses totaled approximately \$22.2 million in 2016. In 2016, \$8.8 million was collected from sewer customers and paid to Oakland County and the Great Lakes Water Authority for sewage conveyance, treatment, and disposal.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

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 2016 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 \$5.775 million to the Police Fund and \$1.977 million to the Fire Fund in 2016.

Other major activities in the General Fund include the 51st District Court, 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. Most of these services are mandated (tax collections and assessing, elections, and court).

The Township's General Fund's year-end fund balance is \$9,966,671, of which \$7,254,216 is unassigned. A total of \$9,966,671 represents approximately 53.31 percent of 2016's annual expenditures, net transfers to other funds. Due to an accounting rule change, reassignment of two funds, Workers' Compensation (\$718,138) and Cemetery Care (\$208,146), were moved into the General Fund in 2011. Also, when removing the Budget Stabilization Fund of \$1,625,000, as well as the Workers' Compensation and Cemetery Care Fund out of the General Fund, the General Fund's fund balance at year end represented 41.14 percent of its annual expenditures in 2016. 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 41.14 percent also excludes \$1,625,000 in a newly created budget stabilization fund in 2013. These funds were committed by the township board for future unforeseen events. A minimum 20 to 30 percent fund balance to annual expenditures ratio is recommended by bond rating agencies and by the Township's financial consultants. It should also be stated that cash position and liquidity is only one piece of a municipality's financial health. The reader must also keep in mind liabilities and obligations, both of the funded and unfunded variety.

Police Fund

The Police Fund covers the operation of the Police Department. Major revenue includes nearly \$5.8 million from the Township's General Fund and an additional \$5,819,252 in special millage revenue for 2016, a small overall increase from 2015. The department receives a small amount of its revenue from fees, grants, and interest on investments.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Over fiscal year 2016, the Police Fund fund balance increased by \$505,697. This change was due primarily to lower staff levels from traditional levels and foregoing some projects. The Police Department employed 33 fewer staff in 2016 than it did in 2010.

Fire Fund

The Fire Fund covers the operations of fire prevention, suppression, and emergency medical services. In 2016, the department received \$1.977 million from the General Fund and approximately \$5.1 million from special millages. In February 2012, the Charter Township of Waterford began a contract with the City of Pontiac, Michigan to offer fire service protection for the City. The contract is for 10 years and started at \$6.2 million per year. The Fire Fund's fund balance decreased by \$228,981 in 2016. The Fire Fund's fund balance at 12.67 percent of annual expenditures still remains a little lower than desired.

Water and Sewer Fund

The Water and Sewer Fund continues to maintain a reasonable amount of working capital. Because revenue is derived from user fees and fees that 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, although the fund does look for grants and low-interest loan programs to augment system capital improvements.

Water rates have remained low as compared to surrounding communities. The Township is almost unique in Southeastern Michigan in that it has its own water system that does not rely on any other agencies for support.

Sewer increases imposed by Oakland County and the Regional Authority are routinely passed on to customers. The Township belongs to the Clinton-Oakland Sewer System. Rates have also recently been adjusted to cover debt payments associated with capital improvements. The Township, like other suburban customers along with Oakland County, routinely monitors the pending changes at the Great Lakes Water Authority. In 2015, the fund prepaid almost \$2.7 million in OMI debt. This move saved rate payers almost \$870,000 in interest over the life of the proposed amortization schedules. Deferred maintenance from OMI, the Regional Authority, and some internal assets will remain a challenge for the fund going forward, as capital projects in this area routinely are measured in the multiple million dollar range.

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.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Reductions in staffing through attrition and early retirement incentives have reduced labor costs. In 2016, the Water and Sewer Fund was staffed at 42 positions compared to 52 in 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. The DPW was awarded a Drinking Water Revolving Fund (DWRF) in 2013 for \$9.4 million. This program included a low-interest loan as well as an estimated \$4 million principal loan forgiveness via a green project reserve from the EPA. This great news means almost a 40 percent savings to the Waterford water rate-paying customer! In 2015, the Water and Sewer Fund paid off nearly \$2.7 million of its Oakland Macomb Interceptor (OMI) debt and saved nearly \$870,000 in long-term interest, more good news for the Waterford sewer customer.

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 and will modestly increase in 2017 and 2018. The Headlee Amendment will significantly hamper property tax revenue increases going forward. The Headlee Amendment limits increases in taxable value at the rate of inflation or 5 percent, whichever is lower. When the Headlee Amendment was crafted, a sustained devaluation in the housing market like was experienced from 2008 to 2014 had never occurred. It remains uncertain, at best, if the Headlee Amendment will be modified by the State of Michigan. Slow growth and slow recovery of lost property tax revenue seem likely in the short run.

Building activity in the Township is focused primarily on redevelopment, allowing limited growth in taxable values. Construction activity is recovering somewhat, reflected in slightly increased development-based fee revenue the last few years.

When subtracting out fire employees hired for Pontiac fire service and the temporary Fire SAFER Grant, the Township is at early 1980s employment levels. Any new positions or changes to service levels in the short to intermediate range would likely need to come by the way of a new revenue question put before the voters.

Capital Asset and Debt Administration

There was a slight decrease in governmental-type capital assets of \$717,555, net of depreciation. Disposal of assets and excess equipment occurred throughout 2016.

In business-type activities, the Township saw a net decrease of \$386,682 in capital assets. There were new assets in this group as well. The overall numbers in this category reflect 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 issued \$463,911 in debt for governmental activities in 2016. This included purchasing some vehicles for police, parks and recreation, and facilities and operations, as well as a financing agreement with a vendor to install LED lights in township buildings.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

The year 2016 saw \$954,202 in new debt for the business-type activity funds. New debt was added to the Water and Sewer Fund for bonds issued for the Oakland-Macomb Sewer Interceptor (OMI) and the State Revolving Fund (SRF) as well as the Water and Sewer Funds portion of the township LED light project.

The Township reduced its general obligation and tax-supported debt by \$1,048,429 (24.30 percent of total) in fiscal year 2016. The Township maintains a very low amount of general government debt. The majority of the general government debt remaining (\$2,640,000) was authorized by a vote of the people in 1998 for new public safety headquarters and supported by a dedicated debt retirement millage. In 2018, this police and fire building debt will be retired. After the winter 2017 tax collections, the police and fire building debt millage will be eliminated, providing further tax relief for township taxpayers.

Declining property values resulted in the need to increase the 0.5 mill police and fire debt millage to .69 for the winter 2013 tax collections. The .69 rate was held constant for 2016. 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 resulted in the need to raise the debt retirement millage slightly to cover the required annual principal and interest payment. Although the millage rate increased in 2013 and held constant in 2014, 2015, and 2016, 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 6. 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 through 2014 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. In 2014, 2015, and 2016, building activity saw an uptick. Unemployment has improved, which is a positive. Sales taxes, which are the source of state revenue sharing, are traditionally the Township's second largest source of revenue. The Township has seen small upticks in revenue sharing from the State in the last couple years; however, the Township remains at decade low levels of support from the State in this category.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

The economy is seeing some improvement in late 2016 through early 2017, with unemployment declining and housing prices starting to steadily increase. Both sales and income taxes are increasing and should bolster state revenue. How the State of Michigan elects to distribute any new revenue remains to be seen. Property assessments have leveled off. However, sales studies based on prior years result in a lag behind the improving market. The Headlee Amendment limits increases in property tax revenue going forward at 5 percent or the rate of inflation, whichever is lower. In practical terms, the Township will see very small property tax revenue increases in the short and intermediate term.

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 State of Michigan has deferred maintenance in its own capital asset categories. Waterford received over \$1.8 million more from the State of Michigan in revenue sharing in 2001 than in 2016, without controlling for inflation. The overall trend of the State divesting itself in local government continues.

The Township maintains a Citizen's Guide to Local Government Finances on its website which is located at: www.waterfordmi.gov. This is another tool to help the citizen and interested parties understand where taxes and fees are directed and utilized. The Township also posts its budgets, financial statements, and pension reports on its website.

Health insurance costs continue to outpace inflation, especially in the retiree healthcare category. 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 grows and the number of active employees has significantly decreased in recent years. The Township implemented a change in retiree health care in 2013 which helped reap some savings. The retiree healthcare change was estimated to save \$300,000 to \$400,000 in the first year. Starting on January 1, 2015, a prescription change for retiree health care started as well. The Township remains committed to making dollars stretch as far as possible. Additionally, employer-sponsored retiree healthcare benefits are being eliminated for new hires as contracts come up for renewal and are negotiated. Newer 401(k)-style benefits are being implemented for this benefit area.

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 addressed healthcare expenses for current employees. The act permits three options for municipalities concerning contributions for employees' health care. The Township took the most fiscally conservative option. This election has compelled employees to contribute more by way of higher deductibles and co-pays. Analysis indicates the Township saved over \$1.2 million once fully implemented with all employee groups in the first year. Future expenses are 'capped' via a medical Consumer Price Index (CPI) cost containment factor on an annual basis going forward. The Township is trying to put more dollars away into its Retiree Health Care Trust to help deal with this legacy cost category; there remains a large unfunded gap in this category from prior years. Converting new employees to new 401(k)-style benefits has been a commitment of the Township in recent years.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

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 well-being. Additionally, not budgeting for one-time revenue has also helped the Township's liquidity recently. Consolidating services and contracting out lawn cutting and other miscellaneous services have helped the Township in recent years. Closing the Monteith Parks and Receptions building (on Crescent Lake Road) has also created savings. No wage increases for many years have helped the Township financially. Lower staffing levels in all departments but the fire department, which took on Pontiac Fire Services in February 2012, have added to the savings as well. In December 2014, the police patrol unit agreed to close its pension retirement system for a more modernized defined contribution 401(k)-style plan. Therefore, all of the Township's Defined Benefit Pension Systems are now closed to new hires. Similar changes have been made in the auto industry, other industries, and with other units of government. Similarly, ending the employer-sponsored retiree healthcare benefit as contracts are negotiated and converting to a Defined Contribution (DC) Plan are expected to help in the longer term.

Bond Rating

Bond ratings to municipalities are like credit scores to individuals. The ratings help determine the interest rate on any debt issued by the Township, as well as a third-party view of the Financial Stewardship. In March 2014, the Township had its bond rating upgraded by Standard & Poor's (S&P) from A+ to AA. This constituted two moves in the positive direction. Township officials believe the rating agency liked the fact that the Township created its first Budget Stabilization Fund in 2013 and has made subsequent deposits with some one-time revenue. S&P also liked the fact that the Township is converting its defined benefit (DB) pension retirement offerings to new employees to defined contribution (DC), 401(k)-style plans. S&P also appreciated that the Township's management utilizes a financial forecasting tool. S&P liked that the Township has created a retiree healthcare trust, but noted that it is severely underfunded and views this as an intermediate and long-term issue that will have to be overcome.

Contacting the Township's Management

This financial report is intended to provide our 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. This report, township budgets, and other financial information are available on the Township's website at www.waterfordmi.gov under the Fiscal & Human Resources Department. The Township posts its budgets, financial statements, citizen dashboard, and pension actuarial studies on its website for viewing by all interested parties.

Charter Township of Waterford

Statement of Net Position December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 37,366,564	\$ 16,106,900	\$ 53,473,464	\$ 209,979
Receivables:				
Property taxes receivable	10,480,375	-	10,480,375	-
Receivables from sales to customers on account	-	8,005,390	8,005,390	-
Accrued interest receivable	-	37,538	37,538	-
Due from other governmental units	1,281,609	5,402	1,287,011	-
Rehabilitation revolving	1,553,389	-	1,553,389	-
Other receivables	218,937	-	218,937	-
Special assessments receivable	328,276	353,916	682,192	-
Internal balances	290	(290)	-	-
Inventory	75,463	-	75,463	-
Prepaid items	99,466	5,555	105,021	-
Restricted assets (Note 1)	-	1,098,158	1,098,158	-
Capital assets:				
Assets not subject to depreciation	27,067,224	24,811,045	51,878,269	-
Assets subject to depreciation	25,002,195	86,268,143	111,270,338	59,571
Total assets	103,473,788	136,691,757	240,165,545	269,550
Deferred Outflows of Resources -				
Deferred outflows related to pensions	3,271,756	1,112,887	4,384,643	-
Liabilities				
Accounts payable	758,986	1,116,639	1,875,625	592
Accrued liabilities and other	728,289	305,711	1,034,000	-
Noncurrent liabilities (Note 6):				
Due within one year:				
Compensated absences	1,683,692	193,627	1,877,319	-
Provision for claims	1,873,076	150,151	2,023,227	-
Current portion of long-term debt	1,572,432	2,181,604	3,754,036	-
Due in more than one year:				
Compensated absences	71,983	63,684	135,667	-
Provision for claims	807,730	61,217	868,947	-
Net OPEB obligation	37,581,157	5,851,721	43,432,878	-
Net pension liability	21,244,369	1,655,199	22,899,568	-
Long-term debt	2,741,790	32,748,201	35,489,991	-
Total liabilities	69,063,504	44,327,754	113,391,258	592
Deferred Inflows of Resources				
Property taxes and special assessments levied for the following year	23,689,193	-	23,689,193	-
Deferred inflows related to pensions	1,277,951	280,855	1,558,806	-
Total deferred inflows of resources	24,967,144	280,855	25,247,999	-

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

Charter Township of Waterford

Statement of Net Position (Continued) December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	\$ 47,755,197	\$ 76,149,383	\$ 123,904,580	\$ 59,571
Restricted for:				
Police	1,369,614	-	1,369,614	-
Debt service	158,920	-	158,920	-
Community development	1,953,563	-	1,953,563	-
Library	1,274,883	-	1,274,883	-
Weed control	269,434	-	269,434	-
Nature center	546,636	-	546,636	-
Capital projects	-	1,098,158	1,098,158	-
Unrestricted (deficit)	(40,613,351)	15,948,494	(24,664,857)	209,387
Total net position	<u>\$ 12,714,896</u>	<u>\$ 93,196,035</u>	<u>\$ 105,910,931</u>	<u>\$ 268,958</u>

Charter Township of Waterford

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 10,008,883	\$ 1,952,187	\$ 743,106	\$ 32,731
District Court	2,060,646	1,072,440	124,381	-
Public safety:				
Fire and police	32,607,963	8,486,146	1,112,157	-
Building inspection	1,128,343	667,341	-	-
Public works	447,811	534,973	-	-
Community and economic development	1,436,840	119,145	557,761	-
Recreation and culture	4,235,473	1,345,423	115,527	-
Interest on long-term debt	144,707	-	-	-
Total governmental activities	52,070,666	14,177,655	2,652,932	32,731
Business-type activities - Enterprise Fund - Water and Sewer Fund	22,259,833	23,010,690	-	219,089
Total primary government	<u>\$ 74,330,499</u>	<u>\$ 37,188,345</u>	<u>\$ 2,652,932</u>	<u>\$ 251,820</u>
Component units:				
Economic Development Corporation	\$ 3,464	\$ 50,588	\$ -	\$ -
Waterford Youth Assistance Corporation	34,873	1,510	27,554	-
Veterans' Memorial Fund	2,400	150	-	-
Total component units	<u>\$ 40,737</u>	<u>\$ 52,248</u>	<u>\$ 27,554</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue (unrestricted)				
Investment income				
Cable franchise fees (unrestricted)				
Other miscellaneous income				
Gain on sale of assets				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities
Year Ended December 31, 2016

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (7,280,859)	\$ -	\$ (7,280,859)	\$ -
(863,825)	-	(863,825)	-
(23,009,660)	-	(23,009,660)	-
(461,002)	-	(461,002)	-
87,162	-	87,162	-
(759,934)	-	(759,934)	-
(2,774,523)	-	(2,774,523)	-
(144,707)	-	(144,707)	-
(35,207,348)	-	(35,207,348)	-
-	969,946	969,946	-
(35,207,348)	969,946	(34,237,402)	-
-	-	-	47,124
-	-	-	(5,809)
-	-	-	(2,250)
-	-	-	39,065
22,553,997	-	22,553,997	-
5,913,916	-	5,913,916	-
194,776	107,899	302,675	1,035
1,243,092	-	1,243,092	-
823,210	-	823,210	176
6,645	-	6,645	-
30,735,636	107,899	30,843,535	1,211
(4,471,712)	1,077,845	(3,393,867)	40,276
17,186,608	92,118,190	109,304,798	228,682
\$ 12,714,896	\$ 93,196,035	\$ 105,910,931	\$ 268,958

Charter Township of Waterford

Governmental Funds Balance Sheet December 31, 2016

	General Fund	Police Fund	Fire Fund	Nonmajor Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 13,571,905	\$ 6,371,548	\$ 5,335,827	\$ 11,302,133	\$ 36,581,413
Receivables:					
Property taxes receivable	3,513,195	2,705,408	2,369,281	1,892,491	10,480,375
Special assessments receivable	188,502	-	-	139,774	328,276
Due from other governmental units	1,056,611	56,059	61,358	107,581	1,281,609
Rehabilitation revolving	-	-	-	1,553,389	1,553,389
Other receivables	218,937	-	-	-	218,937
Due from other funds	358	-	-	-	358
Prepaid items	96,798	-	1,245	1,423	99,466
Total assets	\$ 18,646,306	\$ 9,133,015	\$ 7,767,711	\$ 14,996,791	\$ 50,543,823
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 280,888	\$ 61,952	\$ 161,868	\$ 207,424	\$ 712,132
Due to other funds	-	-	7	61	68
Accrued liabilities and other	123,263	136,195	376,849	55,517	691,824
Total liabilities	404,151	198,147	538,724	263,002	1,404,024
Deferred Inflows of Resources					
Unavailable revenue	87,943	-	-	1,584,295	1,672,238
Property taxes and special assessments levied for the following year	8,187,541	5,918,403	5,183,086	4,400,163	23,689,193
Total deferred inflows of resources	8,275,484	5,918,403	5,183,086	5,984,458	25,361,431
Fund Balances					
Nonspendable - Prepays	96,798	-	1,245	1,423	99,466
Restricted:					
Police	-	-	-	1,369,614	1,369,614
Debt service	-	-	-	158,920	158,920
Community development	-	-	-	400,174	400,174
Library	-	-	-	1,274,085	1,274,085
Weed control	-	-	-	269,434	269,434
Nature center	-	-	-	546,636	546,636
Committed:					
Cemetery care	208,146	-	-	-	208,146
Workers' compensation	718,138	-	-	-	718,138
Budget stabilization	1,625,000	-	-	-	1,625,000
Capital projects/Equipment - General	-	-	-	150,517	150,517
Capital projects/Equipment - Fire	-	-	-	200,517	200,517
Capital projects/Equipment - Parks and recreation	-	-	-	90,465	90,465
Assigned:					
Subsequent year's budget	64,373	-	-	-	64,373
Cable-related activities	-	-	-	703,455	703,455
Police	-	3,016,465	-	-	3,016,465
Fire	-	-	2,044,656	-	2,044,656
Capital projects	-	-	-	2,846,149	2,846,149
Parks and recreation	-	-	-	737,942	737,942
Unassigned	7,254,216	-	-	-	7,254,216
Total fund balances	9,966,671	3,016,465	2,045,901	8,749,331	23,778,368
Total liabilities, deferred inflows of resources, and fund balances	\$ 18,646,306	\$ 9,133,015	\$ 7,767,711	\$ 14,996,791	\$ 50,543,823

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

Charter Township of Waterford

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position December 31, 2016

Fund Balance Reported in Governmental Funds	\$ 23,778,368
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	51,008,181
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	1,672,238
Bonds payable are not due and payable in the current period and are not reported in the funds	(3,622,705)
Accrued interest is not due and payable in the current period and is not reported in the funds	(28,680)
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	(1,755,675)
Net pension liability and related deferred outflows/inflows of resources are not due and payable in the current period and are not reported in the funds	(19,250,564)
Other postemployment benefit obligation is not reported in the governmental funds	(37,581,157)
Other long-term liabilities do not present a claim on current financial resources and are not reported as fund liabilities	(2,239,454)
Internal service funds are included as part of governmental activities	734,344
Net Position of Governmental Activities	<u>\$ 12,714,896</u>

Charter Township of Waterford

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2016

	General Fund	Police Fund	Fire Fund	Nonmajor Governmental Funds	Total
Revenue					
Property taxes	\$ 7,529,554	\$ 5,819,252	\$ 5,101,532	\$ 4,077,821	\$ 22,528,159
Licenses and permits	628,483	38,391	-	30,118	696,992
Federal grants	-	103,789	322,926	537,152	963,867
State-shared revenue and grants	7,002,526	116,536	25,473	577,433	7,721,968
Charges for services	1,500,926	63,263	8,322,223	961,390	10,847,802
Fines and forfeitures	1,243,971	62,269	-	195,551	1,501,791
Investment income	65,180	34,645	31,433	61,524	192,782
Special assessments	506,837	-	-	330,427	837,264
Other revenue:					
Local donations	32,731	-	-	15,511	48,242
Cable franchise fees	1,106,352	-	-	136,740	1,243,092
Refunds, rebates, and reimbursements	743,106	-	7,517	-	750,623
Other miscellaneous income	129,212	412,206	227,916	48,708	818,042
Total revenue	<u>20,488,878</u>	<u>6,650,351</u>	<u>14,039,020</u>	<u>6,972,375</u>	<u>48,150,624</u>
Expenditures					
Current:					
General government	5,589,004	-	-	387,254	5,976,258
District court	1,970,321	-	-	-	1,970,321
Public safety:					
Police	35,610	11,789,249	-	582,116	12,406,975
Fire	-	-	15,957,937	-	15,957,937
Building inspections	1,045,389	-	-	-	1,045,389
Community and economic development	963,730	-	-	394,250	1,357,980
Recreation and culture	-	-	-	3,618,730	3,618,730
Capital outlay	113,472	180,010	189,985	739,370	1,222,837
Debt service	164,302	-	-	1,307,700	1,472,002
Total expenditures	<u>9,881,828</u>	<u>11,969,259</u>	<u>16,147,922</u>	<u>7,029,420</u>	<u>45,028,429</u>
Excess of Revenue Over (Under) Expenditures	10,607,050	(5,318,908)	(2,108,902)	(57,045)	3,122,195
Other Financing Sources (Uses)					
Face value of debt issue	65,595	49,605	52,421	109,078	276,699
Proceeds from sale of capital assets	-	-	-	6,645	6,645
Transfers in (Note 5)	-	5,775,000	1,977,500	1,255,000	9,007,500
Transfers out (Note 5)	(8,812,500)	-	(150,000)	(45,000)	(9,007,500)
Total other financing (uses) sources	<u>(8,746,905)</u>	<u>5,824,605</u>	<u>1,879,921</u>	<u>1,325,723</u>	<u>283,344</u>
Net Change in Fund Balances	1,860,145	505,697	(228,981)	1,268,678	3,405,539
Fund Balances - Beginning of year	<u>8,106,526</u>	<u>2,510,768</u>	<u>2,274,882</u>	<u>7,480,653</u>	<u>20,372,829</u>
Fund Balances - End of year	<u>\$ 9,966,671</u>	<u>\$ 3,016,465</u>	<u>\$ 2,045,901</u>	<u>\$ 8,749,331</u>	<u>\$ 23,778,368</u>

Charter Township of Waterford

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 3,405,539
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	1,372,641
Depreciation expense	(1,704,056)
Net book value of assets disposed of	(363,578)
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	(852,030)
Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(276,699)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,344,032
Change in accrued interest payable and other	(4,439)
Increase in accumulated employee sick and vacation pay, workers' compensation, and general liability expenses reported in the statement of activities does not require use of current resources, and therefore is not reported in the fund statements until it comes due for payment	(1,344,399)
Increase in net pension liability, deferred outflows, and deferred inflows of resources related to pensions reported in the statement of activities does not require the use of current resources, and therefore is not reported in the fund statements	(790,704)
Other postemployment benefit obligation expense recognized in the statement of activities, but not in the governmental funds	(5,193,049)
Internal service funds are included as part of governmental activities	(64,970)
Change in Net Position of Governmental Activities	<u>\$ (4,471,712)</u>

Charter Township of Waterford

Proprietary Funds Statement of Net Position December 31, 2016

	Enterprise Fund	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
Assets		
Current assets:		
Cash and investments (Note 3)	\$ 16,106,900	\$ 785,151
Receivables:		
Special assessments receivable	353,916	-
Receivables from sales to customers on account	8,005,390	-
Accrued interest receivable	37,538	-
Due from other governmental units	5,402	-
Inventory	-	75,463
Prepaid expenses and other assets	5,555	-
Total current assets	<u>24,514,701</u>	<u>860,614</u>
Noncurrent assets:		
Restricted assets (Note 1)	1,098,158	-
Capital assets (Note 4):		
Assets not subject to depreciation	24,811,045	-
Assets subject to depreciation	86,268,143	1,061,238
Total noncurrent assets	<u>112,177,346</u>	<u>1,061,238</u>
Total assets	<u>136,692,047</u>	<u>1,921,852</u>
Deferred Outflows of Resources - Related to pension	1,112,887	-
Liabilities		
Current liabilities:		
Accounts payable	1,116,639	46,854
Due to other funds	290	-
Accrued liabilities and other	305,711	7,785
Compensated absences	193,627	-
Current liabilities payable	150,151	-
Current portion of long-term debt (Note 6)	2,181,604	168,008
Total current liabilities	<u>3,948,022</u>	<u>222,647</u>
Noncurrent liabilities:		
Compensated absences	63,684	-
Provision for claims	61,217	441,352
Net OPEB obligation	5,851,721	-
Net pension liability	1,655,199	-
Long-term debt (Note 6)	32,748,201	523,509
Total noncurrent liabilities	<u>40,380,022</u>	<u>964,861</u>
Total liabilities	<u>44,328,044</u>	<u>1,187,508</u>
Deferred Inflows of Resources - Deferred inflows related to pensions	280,855	-
Net Position		
Net investment in capital assets	76,149,383	369,721
Restricted - Capital projects	1,098,158	-
Unrestricted	15,948,494	364,623
Total net position	<u>\$ 93,196,035</u>	<u>\$ 734,344</u>

Charter Township of Waterford

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2016

	Enterprise Fund	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
Operating Revenue		
Sale of water	\$ 6,012,824	\$ -
Sewage disposal charges	16,506,995	-
Other sales to customers	24,730	-
Other charges for services	466,141	194,907
	23,010,690	194,907
Total operating revenue		
Operating Expenses		
Cost of water	1,690,175	-
Cost of sewage treatment	9,166,971	-
Other operation and maintenance	799,509	-
Billing and administrative costs	5,847,148	136,572
Unemployment costs	-	11,294
Depreciation	4,138,057	137,630
	21,641,860	285,496
Total operating expenses		
Operating Income (Loss)	1,368,830	(90,589)
Nonoperating Revenue (Expenses)		
Investment income	107,899	2,354
Interest expense	(522,830)	(12,298)
(Loss) gain on sale of assets	(95,143)	35,563
	(510,074)	25,619
Total nonoperating (expenses) revenue		
Income (Loss) - Before contributions	858,756	(64,970)
Capital Contributions - Principal forgiveness on capital debt, tap-in fees, system burden fees, and other	219,089	-
	1,077,845	(64,970)
Change in Net Position		
Net Position - Beginning of year - As restated	92,118,190	799,314
	\$ 93,196,035	\$ 734,344
Net Position - End of year		

Charter Township of Waterford

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2016

	Enterprise Fund Water and Sewer Fund	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities		
Receipts from customers	\$ 22,668,824	\$ 194,907
Payments to suppliers	(13,049,846)	(148,602)
Payments to employees	(3,656,737)	-
Claims paid	-	(21,093)
	5,962,241	25,212
Net cash provided by operating activities		
Cash Flows from Capital and Related Financing Activities		
Issuance of debt	408,305	187,212
Special assessment collections	76,917	-
Benefit fees (for the purpose of defraying the cost of capital assets)	136,144	-
Proceeds from sales of capital assets	94,407	107,728
Purchase of capital assets	(1,411,724)	(187,232)
Principal and interest paid on capital debt	(2,665,438)	(181,207)
	(3,361,389)	(73,499)
Net cash used in capital and related financing activities		
Cash Flows from Investing Activities		
Interest received on investments	101,788	2,354
Purchase of investment securities	(1,036,880)	-
	(935,092)	2,354
Net cash (used in) provided by investing activities		
Net Increase (Decrease) in Cash and Cash Equivalents	1,665,760	(45,933)
Cash and Cash Equivalents - Beginning of year	6,694,958	831,084
Cash and Cash Equivalents - End of year	\$ 8,360,718	\$ 785,151
Statement of Net Position Classification of Cash and Cash Equivalents		
Cash and investments	\$ 16,106,900	\$ 785,151
Less amounts classified as investments	(7,746,182)	-
	\$ 8,360,718	\$ 785,151
Total cash and cash equivalents		
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities		
Operating income (loss)	\$ 1,368,830	\$ (90,589)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	4,138,057	137,630
Changes in assets and liabilities:		
Receivables	(341,866)	-
Inventories	-	(15,771)
Prepaid and other assets	27,370	-
Accounts payable	61,145	3,741
Estimated claims liability	-	(9,799)
Accrued and other liabilities	708,705	-
	708,705	-
Net cash provided by operating activities	\$ 5,962,241	\$ 25,212

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2016, the Water and Sewer Fund received approximately \$83,000 of lines donated by developers. In addition, Oakland County constructed approximately \$2.4 million of sewer lines for the Oakland-Macomb Interceptor project, for which the Township incurred long-term debt of approximately \$500,000 and reduced restricted assets by \$1.9 million. The Township also acquired approximately \$62,000 of capital assets through a purchase agreement.

Charter Township of Waterford

Fiduciary Funds Statement of Fiduciary Net Position December 31, 2016

	Pension and Other Postemployment Benefits	Agency Funds
Assets		
Cash and cash equivalents	\$ 728,842	\$ 2,950,642
Investments:		
Fixed-income funds	32,750,737	-
Publicly traded partnerships	673,588	-
Stocks	95,090,609	-
Mutual funds	23,358,836	-
Real estate investment trusts	2,363,480	-
Pension manager short-term debt	3,995,134	-
Securities lending short-term collateral bank investment pool - Mutual funds	4,854,606	-
Due from broker	33,992	-
Prepaid items	795,184	-
Accrued income	70,255	-
	164,715,263	\$ 2,950,642
Liabilities		
Accounts payable	135,374	\$ -
Due to other governmental units	-	2,096,388
Bonds and other deposits	-	741,237
Accrued liabilities and other	-	113,017
Obligations under securities lending agreements	4,964,983	-
	5,100,357	\$ 2,950,642
Net Position Restricted for Pensions and OPEB	\$ 159,614,906	

Charter Township of Waterford

Fiduciary Funds Statement of Changes in Fiduciary Net Position Pension and Other Postemployment Benefits Year Ended December 31, 2016

Additions

Investment income:	
Interest and dividends	\$ 3,571,002
Net increase in fair value of investments	<u>9,576,998</u>
Net investment income	13,148,000
Contributions:	
Employer	10,980,500
Employee	<u>399,887</u>
Total contributions	<u>11,380,387</u>
Total additions	24,528,387

Deductions

Benefit payments	16,599,410
Administrative expenses	<u>874,108</u>
Total deductions	<u>17,473,518</u>

Net Increase in Net Position	7,054,869
Net Position Restricted for Pensions and OPEB - Beginning of year	<u>152,560,037</u>
Net Position Restricted for Pensions and OPEB - End of year	<u>\$ 159,614,906</u>

Charter Township of Waterford

Component Units Statement of Net Position December 31, 2016

	Economic Development Corporation	Waterford Youth Assistance Corporation	Veterans' Memorial Fund	Total
Assets				
Cash and cash equivalents	\$ 137,898	\$ 67,339	\$ 4,742	\$ 209,979
Capital assets subject to depreciation	-	-	59,571	59,571
Total assets	137,898	67,339	64,313	269,550
Liabilities - Accounts payable	-	592	-	592
Net Position				
Net investment in capital assets	-	-	59,571	59,571
Unrestricted	137,898	66,747	4,742	209,387
Total net position	\$ 137,898	\$ 66,747	\$ 64,313	\$ 268,958

Charter Township of Waterford

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Economic Development Corporation - General government	\$ 3,464	\$ 50,588	\$ -	\$ -
Waterford Youth Assistance Corporation - Community and economic development	34,873	1,510	27,554	-
Veterans' Memorial Fund - General government	2,400	150	-	-
Total component units	<u>\$ 40,737</u>	<u>\$ 52,248</u>	<u>\$ 27,554</u>	<u>\$ -</u>

General revenue:

Investment income

Other miscellaneous income

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

**Component Units
Statement of Activities
Year Ended December 31, 2016**

Net (Expense) Revenue and Changes in Net Position			
Economic Development Corporation	Waterford Youth Assistance Corporation	Veterans' Memorial Fund	Total
\$ 47,124	\$ -	\$ -	\$ 47,124
-	(5,809)	-	(5,809)
-	-	(2,250)	(2,250)
47,124	(5,809)	(2,250)	39,065
587	448	-	1,035
176	-	-	176
47,887	(5,361)	(2,250)	40,276
90,011	72,108	66,563	228,682
\$ 137,898	\$ 66,747	\$ 64,313	\$ 268,958

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the Charter Township of Waterford (the "Township"):

Reporting Entity

The Township 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. 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 members of the retirement 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.

Blended Component Units - The Cable Commission is governed by a seven-member board appointed by the township board. Although it is legally separate from the Township, the Cable Commission is reported as if it were part of the primary government because its sole purpose is to perform cable-related activities on behalf of the Township.

The 51st District Court is governed by a chief judge. Although it is legally separate from the Township, the 51st District Court is reported as if it were part of the primary government because its sole purpose is to perform court-related activities on behalf of the Township.

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.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

- (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.
- (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.

Accounting and Reporting Principles

The Township follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

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

For the most part, the effect of interfund activity has been removed from these 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 revenue reported for the various functions concerned.

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

Fund Accounting

The Township accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to 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.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

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

- The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for quarterly user charges.

The Township’s internal service funds are 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.

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

- The Pension and Other Employee Benefits Trust funds which account for the activities of the employee benefit plans that accumulate resources for pension and other postemployment benefit payments to qualified employees.
- The Agency Funds which 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.

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

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

Basis of Accounting

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

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

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

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

Specific Balances and Transactions

Cash, Cash Equivalents, 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.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

Prepaid Items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets - The Township has \$1,098,158 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 buildings 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 acquisition cost at the date of donation.

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

Capital Asset Class	Lives
Buildings and improvements	10-40 years
Infrastructure	40 years
Lines and laterals	75 years
Machinery and office equipment, vehicles, and other	3-15 years

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township reports deferred outflows of resources related to the defined benefit pension plans. The deferred outflows of resources related to the defined benefit pension plans are reported in the government-wide financial statements and the Water and Sewer Fund. The deferred outflows of resources result from the variance between the plans' actual investment earnings compared to the plans' assumed investment earnings as well as the variance between the projected and actual experience.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Property taxes levied for the following year qualify for reporting in this category. The governmental funds also report unavailable revenue from grants and other sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Township also reports deferred inflows of resources related to the defined benefit pension plans. The deferred inflows of resources related to the defined benefit pension plans are reported in the government-wide financial statements and the Water and Sewer Fund. The deferred inflows of resources result from the variance between the projected and actual experience.

Net Position Flow Assumption

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

Fund Balance Flow Assumption

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Township's highest level of decision-making authority. The township board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The township board has by resolution authorized the budget director and assistant budget director to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

The township board has adopted, by ordinance, a Budget Stabilization Fund under Michigan's Public Act 30 of 1978. The board of directors may, with a 2/3 vote, set aside General Fund surplus, up to a maximum of 15 percent of the most recent General Fund budget (or average of the five most recent budgets, if less). An appropriation from the Budget Stabilization Fund, which also requires a 2/3 vote of the board of directors, may only occur to correct a budget shortfall, or in the case of a natural disaster. The balance at December 31, 2016 of the stabilization amount, which is reported in the General Fund, is \$1,625,000.

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. These taxes are due on February 14 with a final collection date of February 28 before they are added to the county tax rolls.

The Township's 2015 tax is levied and collectible on December 1, 2015 and is recognized as revenue in the year ended December 31, 2016, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2015 taxable valuation of the Township totaled \$1.94 billion, on which ad valorem taxes levied consisted of 3.8478 mills for operating purposes, 3.00 mills for police, 2.63 mills for the fire department, .9118 mills for the library, .50 mills for parks and recreation, and .69 mills for debt on the public safety building. This resulted in \$7.5 million for operating, \$5.8 million for police, \$5.1 million for the fire department, \$1.8 million for the library, \$970,000 for parks and recreation, and \$1.3 million for debt on the public safety building. These amounts are recognized in the respective General Fund, Special Revenue Fund, and Debt Service Fund financial statements as tax revenue.

Pension - The Township offers defined benefit pension plans to its employees. The Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Charter Township of Waterford's Police and Fire Retirement System and the Charter Township of Waterford's General Employees' Retirement System and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefit Costs - The Township offers 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, 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.

Compensated Absences (Vacation and Sick Leave) - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the Township does not have a policy to pay any amounts when employees separate from service with the Township. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. All other accrued compensated absences are reported in the government-wide financial statements; generally, the funds that report each employee's compensation (the General Fund, Police Fund, Fire Fund, and Water and Sewer Fund, primarily) are used to liquidate obligations.

Proprietary Funds Operating Classification - Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund and internal service funds is charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service 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.

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 2 - Stewardship, Compliance, and Accountability

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

Shortfall at January 1, 2016	\$ (6,324,922)
Current year building permit revenue	625,528
Related expenses:	
Construction code expenses - Related expenses -	
Direct costs	\$ 887,592
Estimated indirect costs	-
	<u>887,592</u>
Current year shortfall	<u>(262,064)</u>
Cumulative shortfall at December 31, 2016	<u>\$ (6,586,986)</u>

Note 3 - Deposits and Investments

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

	Governmental Activities	Business-type Activities	Government- wide Activities	Fiduciary Funds	Total Primary Government	Component Units
Cash and investments	<u>\$ 37,366,564</u>	<u>\$ 16,106,900</u>	<u>\$ 53,473,464</u>	<u>\$ 166,766,073</u>	<u>\$ 220,239,537</u>	<u>\$ 209,979</u>

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

	Primary Government	Component Units
Deposits with financial institutions	\$ 28,003,421	\$ 209,979
Investments:		
Equity securities or funds	118,449,445	-
Debt securities or funds	34,878,970	-
Short-term funds	31,875,499	-
Real estate and other	7,032,202	-
Total	<u>\$ 220,239,537</u>	<u>\$ 209,979</u>

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 3 - Deposits and Investments (Continued)

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

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

The Township has designated 14 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, 2016, only United States currency was received as collateral.

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

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, 2016 did not generally match the duration of the investments made with cash collateral. On December 31, 2016, 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, 2016 were \$4,028,484 and \$3,892,805, respectively, for the Police and Fire Retirement System and \$826,122 and \$852,663, 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 and mutual funds not rated by S&P.

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 and its component units had \$28,283,182 of bank deposits (certificates of deposit and checking and savings accounts). Of that amount, \$2,541,633 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

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

<u>Government-wide Activities</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More Than 10 Years</u>
Agency securities	\$ 2,128,233	\$ -	\$ 2,128,233	\$ -	\$ -
Fixed-income pool	27,021,294	27,021,294	-	-	-
Total	<u>\$ 29,149,527</u>	<u>\$ 27,021,294</u>	<u>\$ 2,128,233</u>	<u>\$ -</u>	<u>\$ -</u>

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 3 - Deposits and Investments (Continued)

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:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Government-wide Activities			
Agency securities	\$ 2,128,233	AA+	S&P
Fixed-income pool	<u>27,021,294</u>	Not rated	-
Total	<u>\$ 29,149,527</u>		
Fiduciary Funds			
Fixed-income pool	<u>\$ 4,745,468</u>	Not rated	-

Concentration of Credit Risk - The Township places no limit on the amount it may invest in any one issuer. More than 47 percent of the primary government's cash and investments are in the Oakland County Local Government Investment Pool (the "LGIP"). The LGIP is not registered with the SEC and does not issue a separate report. The fair value of the position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost.

More than 5 percent of the Township's fiduciary investments are in the Loomis Sayles Core Plus and Ridgeworth Total Return Bond Fund (6.61 and 8.62 percent, respectively).

Fair Value Measurements

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

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 3 - Deposits and Investments (Continued)

The Township has the following recurring fair value measurements as of December 31, 2016:

Assets Measured at Fair Value on a Recurring Basis

	Balance at December 31, 2016	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed-income funds	\$ 21,714,337	\$ 21,297,171	\$ -	\$ 417,166
Mutual funds	11,107,148	11,107,148	-	-
Pension manager short-term debt	3,995,134	-	3,995,134	-
Real estate investment trusts	2,363,480	2,363,480	-	-
Stocks	92,077,364	79,849,426	-	12,227,938
Publicly traded partnerships	673,588	673,588	-	-
Agency securities	2,128,233	-	2,128,233	-
Total investments by fair value level	134,059,284	\$ 115,290,813	\$ 6,123,367	\$ 12,645,104

Investments Measured at Net Asset Value (NAV)

Fixed-income funds	11,036,400
Mutual funds	12,251,688
Stocks	3,013,245
Fixed-income pool	27,021,294

Total investments measured
at NAV 53,322,627

Total investments measured
at fair value \$ 187,381,911

Certain fixed-income funds, mutual funds, real estate investment trusts, and stocks classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of pension manager short-term debt and agency securities was determined primarily based on Level 2 inputs. The Township estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The fair value of certain fixed-income funds, mutual funds, and stocks was determined primarily based on Level 3 inputs. The Township estimates the fair value of these investments using information provided by the investment managers and custodian.

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 3 - Deposits and Investments (Continued)

Investments in Entities that Calculate Net Asset Value per Share

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

At December 31, 2016, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Fixed-income funds	\$ 11,036,400	\$ -	No restrictions	None
Mutual funds	12,251,688	-	No restrictions	None
Stocks	3,013,245	282,407	No restrictions	None
Fixed-income pool	<u>27,021,294</u>	<u>-</u>	No restrictions	None
Total investments measured at NAV	<u>\$ 53,322,627</u>	<u>\$ 282,407</u>		

The fixed-income funds class includes investment in a fund seeking high total investment return through a combination of current income and capital appreciation with broad investment guidelines. The mutual funds class includes investments in mutual funds that invest in international equities and equities in the S&P 1500 index. The stocks class includes investments in an open-end diversified core real estate commingled fund and an alternative strategies private equity platform. The fixed-income pool class includes investment in a local government investment pool that invests assets in a manner which seeks the highest investment return consistent with preservation of capital while meeting the daily liquidity needs of participants. The fair values of the investments in these classes have been estimated using the net asset value per share of the investments.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 4 - Capital Assets

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

	Balance January 1, 2016	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2016
Governmental Activities					
Capital assets not being depreciated -					
Land	\$ 27,067,224	\$ -	\$ -	\$ -	\$ 27,067,224
Capital assets being depreciated -					
Infrastructure	14,425,437	-	209,538	-	14,634,975
Buildings and improvements	30,588,920	-	351,444	(303,638)	30,636,726
Machinery and office equipment, vehicles, and other	28,067,178	-	998,890	(2,059,863)	27,006,205
Subtotal	73,081,535	-	1,559,872	(2,363,501)	72,277,906
Accumulated depreciation:					
Infrastructure	12,066,614	-	112,909	-	12,179,523
Buildings and improvements	13,018,884	-	703,016	(93,561)	13,628,339
Machinery and office equipment, vehicles, and other	22,276,287	-	1,025,760	(1,834,198)	21,467,849
Subtotal	47,361,785	-	1,841,685	(1,927,759)	47,275,711
Net capital assets being depreciated	25,719,750	-	(281,813)	(435,742)	25,002,195
Net capital assets	<u>\$ 52,786,974</u>	<u>\$ -</u>	<u>\$ (281,813)</u>	<u>\$ (435,742)</u>	<u>\$ 52,069,419</u>
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 3,455,491	\$ -	\$ -	\$ (188,394)	\$ 3,267,097
Construction in progress	21,611,968	(3,143,500)	3,075,480	-	21,543,948
Subtotal	25,067,459	(3,143,500)	3,075,480	(188,394)	24,811,045
Capital assets being depreciated:					
Lines and laterals	118,990,391	956,673	312,111	(1,156)	120,258,019
Buildings and improvements	25,174,070	-	69,571	-	25,243,641
Machinery and office equipment, vehicles, and other	8,162,010	-	483,763	(112,412)	8,533,361
Oakland-Macomb Interceptor - Joint assets	6,884,043	2,186,827	-	-	9,070,870
Subtotal	159,210,514	3,143,500	865,445	(113,568)	163,105,891
Accumulated depreciation:					
Water and sewer lines	53,522,090	-	3,009,254	-	56,531,344
Buildings and improvements	11,444,697	-	559,033	-	12,003,730
Machinery and office equipment, vehicles, and other	6,758,734	-	218,726	(112,412)	6,865,048
Oakland-Macomb Interceptor - Joint assets	1,086,582	-	351,044	-	1,437,626
Subtotal	72,812,103	-	4,138,057	(112,412)	76,837,748
Net capital assets being depreciated	86,398,411	3,143,500	(3,272,612)	(1,156)	86,268,143
Net capital assets	<u>\$ 111,465,870</u>	<u>\$ -</u>	<u>\$ (197,132)</u>	<u>\$ (189,550)</u>	<u>\$ 111,079,188</u>

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 4 - Capital Assets (Continued)

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 2016. During the year, depreciation expense of \$2,180 was recorded. Net memorial being depreciated is \$59,571 as of December 31, 2016.

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

Governmental activities:

General government	\$	500,743
Public safety		907,791
District Court		47,200
Community and economic development		12,324
Recreation and culture		<u>373,627</u>
Total governmental activities	\$	<u>1,841,685</u>
Business-type activities - Water and sewer	\$	<u>4,138,057</u>

Construction Commitments - The Township has active construction projects at December 31, 2016. At year end, the Township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Pump station upgrades	\$ 3,601,119	\$ 50,000
Trenchless sewer rehabilitation project	<u>36,140</u>	<u>160,549</u>
Total	<u>\$ 3,637,259</u>	<u>\$ 210,549</u>

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	Fire Fund	\$ 7
	Water and Sewer Fund	290
	Other governmental funds	<u>61</u>
	Total General Fund	<u>\$ 358</u>

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

Funds Providing Resources	Funds Receiving Resources	Amount
General Fund	Fire Fund	\$ 1,977,500
	Police Fund	5,775,000
	Other nonmajor governmental funds	<u>1,060,000</u>
	Total General Fund	<u>\$ 8,812,500</u>
Fire Fund	Other nonmajor governmental funds	<u>\$ 150,000</u>
Other nonmajor governmental funds	Other nonmajor governmental funds	<u>\$ 45,000</u>

The transfers from the General Fund to the Fire Fund and the Police Fund represent transfers of unrestricted resources to finance operations of the fire and police departments in accordance with budgetary authorizations. The transfer from the General Fund to the other nonmajor governmental fund represents a transfer to the Improvement Revolving Fund and Capital Project Allocation Fund to cover repairs and improvements to the Township's infrastructure and General Fund buildings. The transfers from the Fire Fund and Parks and Recreation Fund (other nonmajor governmental fund) to the Capital Project Allocation Fund (other nonmajor governmental fund) represent prefunding for future identified capital project needs of each fund.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 6 - 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.

	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	3.00% -	\$1,040,000 -					
Maturing through 2018	3.50%	\$1,360,000	\$ 3,840,000	\$ -	\$ 1,200,000	\$ 2,640,000	\$ 1,280,000
General Obligation Unlimited Tax Bond:							
Refunding Bonds - Series 2012:							
Amount of issue - \$1,151,550	2.00% -	\$107,932 -					
Maturing through 2023	3.00%	\$123,654	850,037	-	111,301	738,736	114,670
Installment Purchase Agreement:							
Amount of issue - \$811,783		\$129,585 -					
Maturing through 2020	1.87%	\$139,553	672,614	-	129,585	543,029	132,008
Installment Purchase Agreement:							
Amount of issue - \$187,212		\$36,000 -					
Maturing through 2020	2.05%	\$38,260	-	187,212	38,724	148,488	36,000
Installment Purchase Agreement:							
Amount of issue - \$276,699		\$8,076 -					
Maturing through 2046	-	\$9,759	-	276,699	32,730	243,969	9,754
Total bonds payable			5,362,651	463,911	1,512,340	4,314,222	1,572,432
Other long-term liabilities:							
Employee compensated absences			1,779,627	2,580,826	2,604,778	1,755,675	1,683,692
Estimated liability for workers' compensation claims (Note 12)			551,093	200,200	199,287	552,006	185,628
Estimated liability for unemployment claims			456,501	-	15,149	441,352	-
Estimated liability for general liability claims (Note 12)			320,010	1,463,532	96,094	1,687,448	1,687,448
Net pension liability (Notes 7 and 8)			25,821,568	-	4,577,199	21,244,369	-
Other postemployment benefit obligations (Note 9)			32,388,108	5,193,049	-	37,581,157	-
Total governmental activities			\$ 66,679,558	\$ 9,901,518	\$ 9,004,847	\$ 67,576,229	\$ 5,129,200

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
Drinking Water Relief Fund, Series 2013A: Amount of issue - \$6,994,654 Maturing through 2033	2.00%	\$289,654 - \$420,000	\$ 6,135,623	\$ -	\$ 300,000	\$ 5,835,623	\$ 305,000
Sewer Relief Fund, Series 2013B: Amount of issue - \$4,130,000 Maturing through 2035	2.00%	\$170,000 - \$245,000	3,619,988	408,305	170,000	3,858,293	175,000
Sewer Relief Fund - Series 2007-B: Amount of issue - \$3,745,000 Maturing through 2027	1.625%	\$160,000 - \$215,000	2,222,393	-	170,000	2,052,393	175,000
Drinking Water Relief Fund - Series 2007-C: Amount of issue - \$8,905,000 Maturing through 2028	2.125%	\$375,000 - \$540,000	6,178,831	-	415,000	5,763,831	425,000
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	2,449,963	-	323,699	2,126,264	335,330
Oakland-Macomb Sewer Interceptor, Series 2010A: Amount of issue - \$3,510,038 Maturing through 2030	2.50%	\$147,396 - \$220,084	2,941,186	-	151,434	2,789,752	155,472
Oakland-Macomb Sewer Interceptor, Series 2010B: Amount of issue - \$901,874 Maturing through 2030	1.15% - 5.90%	\$33,652 - \$69,996	749,093	-	34,998	714,095	36,344
Oakland-Macomb Sewer Interceptor, Series 2011: Amount of issue - \$4,219,251 Maturing through 2033	2.50%	\$169,398 - \$245,421	3,884,586	-	173,530	3,711,056	177,661
Oakland-Macomb Sewer Interceptor, Series 2013A: Amount of issue - \$9,206,996 Maturing through 2034	2.00%	\$360,749 - \$480,562	7,919,170	484,555	386,569	8,017,156	394,343
Installment Purchase Agreement: Amount of issue - \$61,342 Maturing through 2046	-	\$2,031 - \$2,454	-	61,342	-	61,342	2,454
Total bonds payable			36,100,833	954,202	2,125,230	34,929,805	2,181,604
Employee compensated absences			252,455	411,754	406,898	257,311	193,627
Estimated liability for workers' compensation claims (Note 12)			101,820	23,711	33,298	92,233	31,016
Estimated liability for general liability claims (Note 12)			132,493	26,469	39,827	119,135	119,135
Net pension liability (Note 8)			1,280,639	374,560	-	1,655,199	-
Other postemployment benefit obligations (Note 9)			5,059,486	792,235	-	5,851,721	-
Total business-type activities			<u>\$ 42,927,726</u>	<u>\$ 2,582,931</u>	<u>\$ 2,605,253</u>	<u>\$ 42,905,404</u>	<u>\$ 2,525,382</u>

For the governmental activities, claims and judgments, compensated absences, net pension liability, 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, compensated absences, net pension liability, and net other postemployment benefit obligations are generally liquidated by the Water and Sewer Fund for employee salaries and fringes.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 6 - Long-term Debt (Continued)

During 2009, Macomb and Oakland counties jointly established the Oakland-Macomb Interceptor Drain - Drainage District (OMID), an intercounty drainage district, under Chapter 21 of the Drain Code. The OMID was created to acquire, operate, and maintain the Oakland-Macomb Interceptor (OMI); title to the OMI was transferred from the City of Detroit, Michigan to the OMID as part of a settlement agreement with the City of Detroit, Michigan reached in May 2009. The OMID apportioned the responsibility to pay the debt required to finance this project to the participating cities, townships, and villages located in the two counties. No additional debt is expected to be incurred related to the Series 2010A and Series 2010B bonds. The Township has tentatively been advised that its other assessments to pay the debt related to this project are \$4,219,251 for the Series 2011 bond and \$9,206,996 for the Series 2013A bond. To date, the Township has incurred \$17.4 million of debt and other liabilities related to the project. The Township prefunded the Series 2014 obligation; therefore, it is not included in the debt. As the OMID project is not complete, future payment amounts for the Township's share of the Series 2011 and Series 2013A OMID debt are not yet finalized.

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
2017	\$ 1,572,432	\$ 162,324	\$ 1,734,756	\$ 2,181,604	\$ 797,232	\$ 2,978,836
2018	1,655,084	101,732	1,756,816	2,222,502	748,180	2,970,682
2019	301,721	71,598	373,319	2,277,096	697,188	2,974,284
2020	309,543	65,101	374,644	2,337,772	644,765	2,982,537
2021	93,548	58,406	151,954	2,240,450	590,847	2,831,297
2022-2026	220,366	265,244	485,610	11,199,059	2,188,301	13,387,360
2027-2031	40,381	258,338	298,719	9,300,990	1,013,558	10,314,548
2032-2036	40,381	258,338	298,719	3,150,026	213,914	3,363,940
2037-2046	80,766	516,676	597,442	20,306	129,908	150,214
Total	<u>\$ 4,314,222</u>	<u>\$ 1,757,757</u>	<u>\$ 6,071,979</u>	<u>\$ 34,929,805</u>	<u>\$ 7,023,893</u>	<u>\$ 41,953,698</u>

Note 7 - Pension Plan - Police and Fire Retirement System

Pension Plan Description

Plan Description - The Police and Fire Pension Board administers the Police and Fire Retirement System - a single-employer defined benefit pension plan that provides pensions for all permanent full-time police employees hired prior to November 1, 2014 and all permanent full-time fire employees hired prior to January 1, 2012. Benefit terms have been established by contractual agreements between the Township and the various employee union representation; amendments are subject to the same process.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 7 - Pension Plan - Police and Fire Retirement System (Continued)

Management of the plan is vested in the pension board, which consists of five members - two members elected by plan members, two citizens appointed by the township board, and the township treasurer.

Employees Covered by Benefit Terms - At December 31, 2016, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	144
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>90</u>
Total employees covered by the plan	<u><u>235</u></u>

Benefits Provided - The pension plan provides retirement, disability, and death benefits. Benefit terms are established by township ordinances and negotiations with the Township's collective bargaining units and may be amended through negotiations with the Township's collective bargaining units.

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by Township ordinances and negotiations with the Township's collective bargaining units. For the year ended December 31, 2016, the active member contribution rate was 5.0 percent of annual pay and the Township's contribution rate was 40.36 percent of annual payroll.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 7 - Pension Plan - Police and Fire Retirement System (Continued)

Deferred Retirement Option Program (DROP)

All plan members (except police officer union and police supervisors) may participate in the DROP after attaining the minimum requirements for a normal service retirement. A monthly amount equal to the amount that would have been paid had the member retired and current member contributions accumulate in the DROP account. The account is credited with the system's prior calendar year's market value rate of return (but not greater than 4 percent interest) each year. Additions cease at the earlier of five years of DROP participation or separation from services, although interest on the DROP account will continue to accrue during such time. Management DROP participants may continue in covered employment after five years of participation, but do not accumulate additional service credit or make member contributions. DROP service for management participants is included for purposes of eligibility for the escalator. Fire DROP participants may continue in covered employment after five years of participation or until their 33rd year of service, but do not accumulate additional service credit. Upon actual retirement, the member may receive the DROP account balance in the form of a lump sum or as an additional annuity. Member contributions during the DROP period are not included in the computation of the annuity withdrawal reduction. Upon exit from the DROP, the original monthly amount established upon entry in the DROP continues in addition to any other benefits or adjustments.

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the pension board's adopted asset allocation policy as of December 31, 2016:

Asset Class	Target Allocation
Domestic equity	43 %
International equity	17
Fixed income	26
International fixed income	4
Real estate	5
Infrastructure	5

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 7 - Pension Plan - Police and Fire Retirement System (Continued)

Rate of Return - For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.14 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

In accordance with plan documents, the following reserves are required to be set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate earned by the retirement system for that fiscal year. For any employee who terminates before vesting in the pension plan, their balance is returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

The balances of the reserve accounts at December 31, 2016 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 36,042,110	\$ 36,042,110
Employee reserve	6,812,568	6,812,568
Employer reserve	45,905,620	45,905,620

Net Pension Liability

The components of the net pension liability of the Township at December 31, 2016 were as follows:

Total pension liability	\$ 106,889,613
Plan fiduciary net position	<u>(88,760,298)</u>
The Township's net pension liability	<u>\$ 18,129,315</u>
Plan fiduciary net position as a percentage of the total pension liability	83.0 %

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 7 - Pension Plan - Police and Fire Retirement System (Continued)

The Township has chosen to use December 31, 2016 as its measurement date for the net pension liability. The December 31, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of December 31, 2015, which used updated procedures to roll forward the estimated liability to December 31, 2016.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 106,128,189	\$ 82,844,748	\$ 23,283,441
Service cost	1,582,620	-	1,582,620
Interest	7,240,554	-	7,240,554
Differences between expected and actual experience	(1,095,732)	-	(1,095,732)
Contributions - Employer	-	3,188,351	(3,188,351)
Contributions - Employee	-	367,992	(367,992)
Net investment income	-	9,778,003	(9,778,003)
Benefit payments, including refunds	(6,966,018)	(6,966,017)	(1)
Administrative expenses	-	(452,779)	452,779
Net changes	761,424	5,915,550	(5,154,126)
Balance at December 31, 2016	<u>\$ 106,889,613</u>	<u>\$ 88,760,298</u>	<u>\$ 18,129,315</u>

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

For the year ended December 31, 2016, the Township recognized pension expense of \$3,632,505. At December 31, 2016, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 156,809	\$ 749,387
Net difference between projected and actual earnings on pension plan investments	1,020,509	-
Total	<u>\$ 1,177,318</u>	<u>\$ 749,387</u>

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 7 - Pension Plan - Police and Fire Retirement System (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending December 31</u>	<u>Amount</u>
2017	\$ 388,495
2018	304,504
2019	557,743
2020	(822,811)

Actuarial Assumptions - The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	4.0% to 11.9% Average, including inflation
Investment rate of return	7.00% Net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected 17 years using scale BB.

Discount Rate - The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 7 - Pension Plan - Police and Fire Retirement System (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2016 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	6.20 %
International equity	6.10
Fixed income	2.20
International fixed income	2.00
Real estate	6.20
Infrastructure	6.50

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 7.0 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	<u>1 Percent Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1 Percent Increase (8.0%)</u>
Net pension liability of the Township	\$ 29,764,405	\$ 18,129,315	\$ 8,194,716

Note 8 - Pension Plan - General Employees' Retirement System

Pension Plan Description

Plan Description - The General Employees Pension Board administers the General Employees' Retirement System - a single-employer defined benefit pension plan that provides pensions for all permanent full-time township employees hired before certain dates in 2005 and 2006, depending on their employee group. Benefit terms have been established by contractual agreements between the Township and the various employee union representation; amendments are subject to the same process.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 8 - Pension Plan - General Employees' Retirement System (Continued)

Management of the plan is vested in the pension board, which consists of five members - two members elected by plan members, two citizens appointed by the Township, and the township treasurer.

Employees Covered by Benefit Terms - At December 31, 2016, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	167
Inactive plan members entitled to but not yet receiving benefits	31
Active plan members	<u>87</u>
Total employees covered by the plan	<u><u>285</u></u>

Benefits Provided - The pension plan provides retirement, disability, and death benefits. Benefit terms are established by township ordinances and negotiations with the Township's collective bargaining units and may be amended through negotiations with the Township's collective bargaining units.

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the Township Charter, union contracts, and plan provisions. For the year ended December 31, 2016, the active member contribution rate was 5.0 percent of annual pay and the Township's contribution rate was 24.07 percent of annual payroll.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 8 - Pension Plan - General Employees' Retirement System (Continued)

Deferred Retirement Option Program

Employees in the Dispatch Union are eligible to participate in the DROP. There are currently eight members in this group. Effective January 1, 2008, any member of the Waterford Township Dispatchers Association hired on or before June 30, 2006 may participate in the DROP after attaining the minimum requirements for a normal service retirement. A monthly amount equal to the amount that would have been paid had the member retired and current member contributions accumulate in the DROP account. The account is credited with the system's prior calendar year's market rate of return (but not greater than 4 percent interest) each year. Additions cease at the earlier of five years of DROP participation or separation from service, although interest on the DROP account will continue to accrue during such time. Participants may continue in covered employment after five years of participation or until their 33rd year of service, but do not accumulate additional service credit. Upon actual retirement, the member may receive the DROP account balance in the form of a lump sum or as an additional annuity. Member contributions continue during the DROP period. Upon exit from the DROP, the original monthly amount established upon entry in the DROP continues in addition to any other benefits or adjustments. Member contributions made during the DROP period are added to the DROP account. There was one DROP member at December 31, 2016.

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the pension board's adopted asset allocation policy as of December 31, 2016:

Asset Class	Target Allocation
Domestic equity	59.5 %
U.S. government or agency fixed income	25.0
International equity	10.0
Alternative investments	5.0
Cash or cash equivalents	0.5

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 8 - Pension Plan - General Employees' Retirement System (Continued)

Rate of Return - For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.72 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

In accordance with plan documents, the following reserves are required to be set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate earned by the retirement system for that fiscal year. For any employee who terminates before vesting in the pension plan, his or her balance is returned to him or her; for those who stay until retirement, the balance is transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

The balances of the reserve accounts at December 31, 2016 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 66,088,199	\$ 59,115,197
Employee reserve	317,038	317,038

Net Pension Liability

The components of the net pension liability of the Township at December 31, 2016 were as follows:

Total pension liability	\$ 64,202,488
Plan fiduciary net position	<u>(59,432,235)</u>
The Township's net pension liability	<u>\$ 4,770,253</u>
Plan fiduciary net position as a percentage of the total pension liability	92.6 %

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 8 - Pension Plan - General Employees' Retirement System (Continued)

The Township has chosen to use December 31, 2016 as its measurement date for the net pension liability. The December 31, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of December 31, 2015, which used updated procedures to roll forward the estimated liability to December 31, 2016.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 63,559,178	\$ 59,740,412	\$ 3,818,766
Service cost	820,172	-	820,172
Interest	4,341,581	-	4,341,581
Differences between expected and actual experience	(625,074)	-	(625,074)
Contributions - Employer	-	1,249,587	(1,249,587)
Contributions - Employee	-	14,822	(14,822)
Net investment income	-	2,688,872	(2,688,872)
Benefit payments, including refunds	(3,893,369)	(3,893,369)	-
Administrative expenses	-	(368,089)	368,089
Net changes	643,310	(308,177)	951,487
Balance at December 31, 2016	<u>\$ 64,202,488</u>	<u>\$ 59,432,235</u>	<u>\$ 4,770,253</u>

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

For the year ended December 31, 2016, the Township recognized pension expense of \$1,812,503. At December 31, 2016, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 809,418
Net difference between projected and actual earnings on pension plan investments	3,207,325	-
Total	<u>\$ 3,207,325</u>	<u>\$ 809,418</u>

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 8 - Pension Plan - General Employees' Retirement System (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending December 31</u>	<u>Amount</u>
2017	\$ 374,413
2018	769,311
2019	976,571
2020	277,612

Actuarial Assumptions - The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0% - 3.5%
Salary increases	4.5% - 7.7% Average, including inflation
Investment rate of return	7.00% Net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected forward 17 years using scale BB.

Discount Rate - The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 8 - Pension Plan - General Employees' Retirement System (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2016 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	6.40 %
International equity	6.20
U.S. government or agency fixed income	1.30
Alternative investments	5.20
Cash or cash equivalents	0.50

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 7.0 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1 Percent Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percent Increase (8.0%)
Net pension liability (asset) of the Township	\$ 11,948,113	\$ 4,770,253	\$ (1,338,644)

Note 9 - Other Postemployment Benefits

Plan Description - The Township provides retiree healthcare benefits to all eligible full-time employees upon retirement or to individuals receiving system disability pensions, in accordance with various labor contracts. The plan is closed to all new hires, except for police personnel. Currently, the plan has 543 members.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 9 - Other Postemployment Benefits (Continued)

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. Generally, the funds that report each employee's compensation (the General Fund, Police Fund, Fire Fund, and Water and Sewer Fund, primarily) are used to pay premiums and liquidate the obligation.

Funding Progress - For the year ended December 31, 2016, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2014. 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)	\$ 11,999,428
Interest on the prior year's net OPEB obligation	1,872,380
Less adjustment to the annual required contribution	<u>(1,343,962)</u>
Annual OPEB cost	12,527,846
Amounts contributed:	
Payments of current premiums	(5,740,024)
Advance funding	<u>(802,538)</u>
Increase in net OPEB obligation	5,985,284
OPEB obligation - Beginning of year	<u>37,447,594</u>
OPEB obligation - End of year	<u>\$ 43,432,878</u>

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 9 - 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
12/31/11	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
12/31/13	12/31/12	10,816,125	11,081,559	44.4	24,934,585
12/31/14	12/31/12	10,824,675	11,177,189	49.1	30,618,594
12/31/15	12/31/14	12,015,032	12,447,905	45.1	37,447,594
12/31/16	12/31/14	11,999,428	12,527,846	52.2	43,432,878

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
12/31/12	7,164,299	165,582,825	158,418,526	4.3	16,215,437	977.0
12/31/14	9,166,210	178,663,236	169,497,026	5.1	15,558,779	1,089.4

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.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 9 - Other Postemployment Benefits (Continued)

In the December 31, 2014 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 for general and police members and level dollar for fire members on an open basis. The remaining amortization period at December 31, 2014 is 30 years.

Note 10 - 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 Retirement System	General Employees' Retirement System	Other Postemployment Benefits
<u>Statement of Net Position</u>			
Investments	\$ 92,353,366	\$ 60,039,692	\$ 11,422,373
Other assets	574,637	325,195	-
Liabilities	(4,167,705)	(932,652)	-
Net position	<u>\$ 88,760,298</u>	<u>\$ 59,432,235</u>	<u>\$ 11,422,373</u>
<u>Statement of Changes in Net Position</u>			
Investment gain	\$ 9,778,003	\$ 2,688,872	\$ 681,125
Contributions	3,556,343	1,264,409	6,559,635
Benefit payments	(6,966,017)	(3,893,369)	(5,740,024)
Other deductions	(452,779)	(368,089)	(53,240)
Net change in net position	<u>\$ 5,915,550</u>	<u>\$ (308,177)</u>	<u>\$ 1,447,496</u>

Note 11 - 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 \$1,004,360 during the current year.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 12 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to general and auto liability, auto physical damage, and property loss claims; the Township is self-insured for workers' compensation and medical benefit claims. Settled claims relating to 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 is a defendant in certain lawsuits and claims that have resulted from the ordinary course of its activities. The ultimate effect on the financial statements of the resolution of these matters is, in the opinion of management, not expected to be material considering available insurance coverage, legal defenses, and reserves.

In late spring/early summer 2017 the Waterford Township Board of Trustees approved a class action settlement in the case of Mason v. Waterford for \$1.4 million. The details of this settlement are still pending. A liability is reflected on the Township's government-wide financial statements to accommodate this matter.

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. Generally, the funds that report each employee's compensation (the General Fund, Police Fund, Fire Fund, and Water and Sewer Fund, primarily) are used to liquidate the obligations for workers' compensation and medical claims. The obligation for general claims will be primarily liquidated by the General Fund and the Water and Sewer Fund. Changes in the estimated liability for the past two fiscal years were as follows:

	General Liability		Workers' Compensation		Medical Claims	
	2016	2015	2016	2015	2016	2015
Estimated liability -						
Beginning of year	\$ 452,503	\$ 382,190	\$ 652,913	\$ 852,996	\$ (411,525)	\$ -
Estimated claims						
incurred, including						
changes in estimates	1,490,001	270,532	223,912	179,244	4,300,664	2,591,026
Claim payments	(135,921)	(200,219)	(232,586)	(379,327)	(3,788,493)	(3,002,551)
Estimated liability -						
End of year	<u>\$ 1,806,583</u>	<u>\$ 452,503</u>	<u>\$ 644,239</u>	<u>\$ 652,913</u>	<u>\$ 100,646</u>	<u>\$ (411,525)</u>

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 13 - Tax Abatements

The Township uses the Industrial Facilities Tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the Township grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 12 years.

For the fiscal year ended December 31, 2016, the Township abated approximately \$5,000 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

Additionally, the Township has a payment in lieu of taxes agreement with businesses that provides housing of elderly citizens of low and moderate income, which are federally aided or statute authority-aided in accordance with the State Housing Development Act of 1966, as provided in PA 346 of 1966. In lieu of paying taxes based on millage rates and taxable value, the properties pay a 4 percent service fee on rent income less prior year payment, all utilities paid by the owner, and rental losses.

For the fiscal year ended December 31, 2016, the Township abated approximately \$128,000 of taxes under this program. There are no provisions to recapture taxes.

There are no significant abatements made by other governments that reduce the Township's tax revenue.

Note 14 - Conduit Debt Obligations

In October 2016, the Economic Development Corporation (EDC) secured financing for an unrelated entity in the amount of \$34,935,000. Typically, these borrowings are repayable only from the borrower's repayment of loans, undisbursed proceeds, and related interest earnings and the Township has no obligation for this debt. Therefore, the conduit debt obligations are not recorded as liabilities of the Township. The total outstanding bonds as of December 31, 2016 were \$34,935,000.

Charter Township of Waterford

Notes to Financial Statements December 31, 2016

Note 15 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the Township will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. The Township is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No. 74 is effective for fiscal years beginning after June 15, 2016, whereas GASB Statement No. 75 is effective one year later.

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the 2019 fiscal year.

Required Supplemental Information

Charter Township of Waterford

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 7,493,822	\$ 7,493,822	\$ 7,529,554	\$ 35,732
Licenses and permits	382,370	532,370	628,483	96,113
State-shared revenue and grants	6,235,290	6,845,208	7,002,526	157,318
Charges for services	1,522,231	1,486,557	1,497,526	10,969
Fines and forfeitures	1,295,500	1,295,500	1,243,971	(51,529)
Investment income	44,275	44,275	62,436	18,161
Special assessments	501,000	501,000	506,837	5,837
Other revenue:				
Local donations	-	-	32,731	32,731
Cable franchise fees	1,088,000	1,088,000	1,106,352	18,352
Michigan Broadband Authority	200,000	744,742	743,106	(1,636)
Other miscellaneous income	65,245	65,245	129,212	63,967
Total revenue	<u>18,827,733</u>	<u>20,096,719</u>	<u>20,482,734</u>	<u>386,015</u>
Expenditures				
Current:				
General government:				
Township board	51,672	51,672	51,589	83
Supervisor and assessing	634,343	706,334	643,254	63,080
Elections	97,927	143,667	147,284	(3,617)
Personnel	223,057	223,057	233,818	(10,761)
Information service	407,761	407,761	367,383	40,378
Treasurer	589,131	598,178	595,211	2,967
General services	1,437,103	1,546,078	1,434,504	111,574
Clerk	571,365	629,222	611,504	17,718
Retiree benefits	1,279,303	1,279,303	1,395,903	(116,600)
Facilities and operations	108,554	108,554	108,554	-
Total general government	<u>5,400,216</u>	<u>5,693,826</u>	<u>5,589,004</u>	<u>104,822</u>
District Court	2,017,643	2,017,643	1,970,321	47,322
Public safety	1,160,222	1,166,212	1,080,999	85,213
Planning department	1,004,044	1,013,976	963,730	50,246
Capital outlay	54,875	58,500	113,472	(54,972)
Debt service	131,580	131,580	164,302	(32,722)
Total expenditures	<u>9,768,580</u>	<u>10,081,737</u>	<u>9,881,828</u>	<u>199,909</u>
Excess of Revenue Over Expenditures	9,059,153	10,014,982	10,600,906	585,924
Other Financing (Uses) Sources				
Face value of debt issue	-	-	65,595	65,595
Transfers out	(8,432,500)	(9,082,500)	(8,882,500)	200,000
Total other financing (uses) sources	<u>(8,432,500)</u>	<u>(9,082,500)</u>	<u>(8,816,905)</u>	<u>265,595</u>
Net Change in Fund Balance	626,653	932,482	1,784,001	851,519
Fund Balance - Beginning of year	<u>7,256,386</u>	<u>7,256,386</u>	<u>7,256,386</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 7,883,039</u>	<u>\$ 8,188,868</u>	<u>\$ 9,040,387</u>	<u>\$ 851,519</u>

Charter Township of Waterford

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Police Fund Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 5,738,207	\$ 5,738,207	\$ 5,819,252	\$ 81,045
Licenses and permits	35,500	35,500	38,391	2,891
Federal grants	85,000	85,000	103,789	18,789
State-shared revenue and grants	55,000	86,000	116,536	30,536
Charges for services	45,000	45,000	63,263	18,263
Fines and forfeitures	83,600	83,600	62,269	(21,331)
Investment income	38,962	38,962	34,645	(4,317)
Other revenue	255,750	255,750	412,206	156,456
Total revenue	<u>6,337,019</u>	<u>6,368,019</u>	<u>6,650,351</u>	<u>282,332</u>
Expenditures				
Current - Public safety	12,219,122	12,218,563	11,789,249	429,314
Capital outlay	113,500	147,550	180,010	(32,460)
Total expenditures	<u>12,332,622</u>	<u>12,366,113</u>	<u>11,969,259</u>	<u>396,854</u>
Excess of Expenditures Over Revenue	(5,995,603)	(5,998,094)	(5,318,908)	679,186
Other Financing Sources				
Face value of debt issue	-	-	49,605	49,605
Transfers in	5,775,000	5,775,000	5,775,000	-
Total other financing sources	<u>5,775,000</u>	<u>5,775,000</u>	<u>5,824,605</u>	<u>49,605</u>
Net Change in Fund Balance	(220,603)	(223,094)	505,697	728,791
Fund Balance - Beginning of year	<u>2,510,768</u>	<u>2,510,768</u>	<u>2,510,768</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 2,290,165</u>	<u>\$ 2,287,674</u>	<u>\$ 3,016,465</u>	<u>\$ 728,791</u>

Charter Township of Waterford

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Fire Fund Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 5,027,645	\$ 5,027,645	\$ 5,101,532	\$ 73,887
Federal grants	-	904,929	322,926	(582,003)
State-shared revenue and grants	-	-	25,473	25,473
Charges for services	8,294,167	8,494,167	8,322,223	(171,944)
Investment income	35,410	35,410	31,433	(3,977)
Other revenue	141,610	141,610	235,433	93,823
Total revenue	<u>13,498,832</u>	<u>14,603,761</u>	<u>14,039,020</u>	<u>(564,741)</u>
Expenditures				
Current - Public safety	15,341,207	16,534,447	15,957,937	576,510
Capital outlay	95,988	153,488	189,985	(36,497)
Total expenditures	<u>15,437,195</u>	<u>16,687,935</u>	<u>16,147,922</u>	<u>540,013</u>
Excess of Expenditures Over Revenue	(1,938,363)	(2,084,174)	(2,108,902)	(24,728)
Other Financing Sources				
Face value of debt issue	-	-	52,421	52,421
Transfers in	1,977,500	1,977,500	1,977,500	-
Transfers out	(50,000)	(150,000)	(150,000)	-
Total other financing sources	<u>1,927,500</u>	<u>1,827,500</u>	<u>1,879,921</u>	<u>52,421</u>
Net Change in Fund Balance	(10,863)	(256,674)	(228,981)	27,693
Fund Balance - Beginning of year	<u>2,274,882</u>	<u>2,274,882</u>	<u>2,274,882</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 2,264,019</u></u>	<u><u>\$ 2,018,208</u></u>	<u><u>\$ 2,045,901</u></u>	<u><u>\$ 27,693</u></u>

Charter Township of Waterford

Note to Required Supplemental Information Year Ended December 31, 2016

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund, the Improvement Revolving 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 the following 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:

	<u>Total Revenue</u>	<u>Total Expenditures</u>
General Fund:		
Amounts per operating statement	\$ 20,488,878	\$ 9,881,828
Cemetery Care Fund	(4,442)	-
Workers' Compensation Fund	(1,702)	-
Amounts per budget statement	<u>\$ 20,482,734</u>	<u>\$ 9,881,828</u>

Charter Township of Waterford

Note to Required Supplemental Information (Continued) Year Ended December 31, 2016

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund - Elections	\$ 143,667	\$ 147,284	\$ (3,617)
General Fund - Personnel	223,057	233,818	(10,761)
General Fund - Retiree benefits	1,279,303	1,395,903	(116,600)
General Fund - Capital outlay	58,500	113,472	(54,972)
General Fund - Debt service	131,580	164,302	(32,722)
Police Restricted Use Fund - Public safety	489,725	582,116	(92,391)

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

At December 31, 2016, the Township had governmental activities unrestricted net deficit of \$40,613,351. This does not meet the definition of a deficit as defined by the State of Michigan.

Charter Township of Waterford

Required Supplemental Information Police and Fire Retirement System Schedule of Changes in the Net Pension Liability and Related Ratios

**Last Ten Fiscal Years (Schedule is built prospectively upon
implementation of GASB Statement No. 67)**

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 1,582,620	\$ 1,616,532	\$ 1,738,314
Interest	7,240,554	7,100,713	6,949,918
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(1,095,732)	397,609	-
Changes in assumptions	-	-	-
Benefit payments, including refunds	(6,966,018)	(7,234,304)	(5,711,969)
Net Change in Total Pension Liability	761,424	1,880,550	2,976,263
Total Pension Liability - Beginning of year	106,128,189	104,247,639	101,271,376
Total Pension Liability - End of year	\$ 106,889,613	\$ 106,128,189	\$ 104,247,639
Plan Fiduciary Net Position			
Contributions - Employer	\$ 3,188,351	\$ 3,263,241	\$ 3,386,289
Contributions - Member	367,992	395,861	446,148
Net investment income	9,778,003	(1,162,337)	5,093,530
Administrative expenses	(6,966,017)	(7,234,304)	(560,067)
Benefit payments, including refunds	(452,779)	(522,512)	(5,711,969)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	5,915,550	(5,260,051)	2,653,931
Plan Fiduciary Net Position - Beginning of year	82,844,748	88,104,799	85,450,868
Plan Fiduciary Net Position - End of year	\$ 88,760,298	\$ 82,844,748	\$ 88,104,799
Township's Net Pension Liability - Ending	\$ 18,129,315	\$ 23,283,441	\$ 16,142,840
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.04 %	78.06 %	84.51 %
Covered Employee Payroll	\$ 6,651,574	\$ 6,794,855	\$ 7,273,279
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	272.6 %	342.7 %	221.9 %

Charter Township of Waterford

**Required Supplemental Information
Police and Fire Retirement System
Schedule of Investment Returns
Last Ten Fiscal Years (Schedule is built prospectively upon
implementation of GASB Statement No. 67)**

	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	7.1 %	(1.5)%	6.1 %

Charter Township of Waterford

Required Supplemental Information Police and Fire Retirement System Schedule of Township Contributions Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 3,188,351	\$ 3,263,241	\$ 3,386,289	\$ 3,251,498	\$ 3,356,274	\$ 3,227,187	\$ 3,416,401	\$ 3,451,506	\$ 2,638,538	\$ 2,775,163
Contributions in relation to the actuarially determined contribution	<u>3,188,351</u>	<u>3,263,241</u>	<u>3,386,289</u>	<u>3,251,498</u>	<u>3,356,274</u>	<u>3,227,187</u>	<u>3,416,401</u>	<u>3,451,506</u>	<u>2,638,538</u>	<u>2,775,163</u>
Contribution deficiency	<u>\$ -</u>									
Covered employee payroll	\$ 6,651,574	\$ 6,794,855	\$ 7,273,279	\$ 8,800,000	\$ 8,100,000	\$ 9,000,000	\$ 11,000,000	\$ 10,900,000	\$ 10,300,000	\$ 9,900,000
Contributions as a percentage of covered employee payroll	47.9 %	48.0 %	46.6 %	36.9 %	41.4 %	35.9 %	31.1 %	31.7 %	25.6 %	28.0 %

Notes to Schedule of Township Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution amounts are calculated as of the December 31 that is 24 months after the valuation date.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	19 years
Asset valuation method	Four-year smoothed market, with 20 percent corridor
Inflation	3.0 percent; no explicit price inflation assumption is used in this valuation.
Salary increases	4.0 percent to 11.9 percent including inflation
Investment rate of return	7.00 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Mortality Table projected 17 years using scale BB
Other information	The mortality table used in this calculation of the total pension liability was first used in the December 31, 2013 valuation. The plan is closed to police employees hired after November 1, 2014 and fire employees hired after January 1, 2012.

Charter Township of Waterford

Required Supplemental Information General Employees' Retirement System Schedule of Changes in the Net Pension Liability and Related Ratios

**Last Ten Fiscal Years (Schedule is built prospectively upon
implementation of GASB Statement No. 67)**

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 820,172	\$ 900,676	\$ 983,329
Interest	4,341,581	4,322,215	4,209,174
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(625,074)	(1,163,975)	-
Changes in assumptions	-	-	-
Benefit payments, including refunds	(3,893,369)	(3,590,647)	(3,481,965)
Net Change in Total Pension Liability	643,310	468,269	1,710,538
Total Pension Liability - Beginning of year	63,559,178	63,090,909	61,380,371
Total Pension Liability - End of year	\$ 64,202,488	\$ 63,559,178	\$ 63,090,909
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,249,587	\$ 1,555,154	\$ 1,729,217
Contributions - Member	14,822	17,565	17,609
Net investment income	2,688,872	721,215	3,720,145
Administrative expenses	(368,089)	(401,114)	(406,264)
Benefit payments, including refunds	(3,893,369)	(3,590,647)	(3,481,965)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(308,177)	(1,697,827)	1,578,742
Plan Fiduciary Net Position - Beginning of year	59,740,412	61,438,239	59,859,497
Plan Fiduciary Net Position - End of year	\$ 59,432,235	\$ 59,740,412	\$ 61,438,239
Township's Net Pension Liability - Ending	\$ 4,770,253	\$ 3,818,766	\$ 1,652,670
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.57 %	93.99 %	97.38 %
Covered Employee Payroll	\$ 4,525,599	\$ 4,948,841	\$ 5,664,337
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	105.4 %	77.2 %	29.2 %

Charter Township of Waterford

**Required Supplemental Information
General Employees' Retirement System
Schedule of Investment Returns
Last Ten Fiscal Years (Schedule is built prospectively upon
implementation of GASB Statement No. 67)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	4.7 %	1.3 %	6.3 %

Charter Township of Waterford

Required Supplemental Information General Employees' Retirement System Schedule of Township Contributions Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 1,249,587	\$ 1,555,154	\$ 1,729,217	\$ 1,922,105	\$ 2,017,208	\$ 2,011,374	\$ 2,208,556	\$ 2,204,481	\$ 1,402,952	\$ 1,475,885
Contributions in relation to the actuarially determined contribution	<u>1,249,587</u>	<u>1,555,154</u>	<u>1,729,217</u>	<u>1,922,105</u>	<u>2,017,208</u>	<u>2,011,374</u>	<u>2,208,556</u>	<u>2,204,481</u>	<u>1,402,952</u>	<u>1,475,885</u>
Contribution deficiency	<u>\$ -</u>									
Covered employee payroll	\$ 4,525,599	\$ 4,948,841	\$ 5,664,337	\$ 5,800,000	\$ 6,200,000	\$ 7,000,000	\$ 8,100,000	\$ 8,300,000	\$ 8,300,000	\$ 8,200,000
Contributions as a percentage of covered employee payroll	27.6 %	31.4 %	30.5 %	33.1 %	32.5 %	28.7 %	27.3 %	26.6 %	16.9 %	18.0 %

Notes to Schedule of Township Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	17 years
Asset valuation method	Four-year smoothed market; 25 percent corridor
Inflation	3.0 percent to 3.5 percent approximately; no explicit price inflation assumption is used in this valuation.
Salary increases	4.5 percent to 7.7 percent including inflation
Investment rate of return	7.00 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Mortality Table projected forward 17 years using Scale BB for both males and females
Other information	There were no significant benefit changes during the year. The plan is closed to employees hired after certain dates in 2005 and 2006, depending on their employee group.

Charter Township of Waterford

Required Supplemental Information OPEB System Schedule Year Ended December 31, 2016

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	\$ -	\$ 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
12/31/12	7,164,299	165,582,825	158,418,526	4.3	16,215,437	977.0
12/31/14	9,166,210	178,663,236	169,497,026	5.1	15,558,779	1,089.4

The schedule of employer contributions is as follows:

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
12/31/11	\$ 9,354,307	56.0 %
12/31/12	9,471,186	51.0
12/31/13	10,816,125	44.4
12/31/14	10,824,675	50.7
12/31/15	12,015,032	46.8
12/31/16	11,999,428	54.5

Other Supplemental Information

Charter Township of Waterford

Other Supplemental Information Description of Nonmajor Funds

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.

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.

Parks and Recreation Fund - This fund accounts for the operations of the parks and recreation activities of the Township. Funding is provided primarily through a local property tax levy.

Debt Service Fund

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

Charter Township of Waterford

Other Supplemental Information Description of Nonmajor Funds (Continued)

Capital Projects Funds

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

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

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

Capital Projects Allocation Fund - This fund accounts for the prefunding for future identified capital project needs. Funding is provided from the General Fund, Fire Fund, and Parks and Recreation Fund.

Internal Service Funds

The Township's Internal Service Funds are 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.

Motor Pool Fund - This fund has been established to account for costs associated with vehicles purchased by the Township and used by all departments within the Township.

Fire Unemployment Costs - This fund has been established to account for grant reimbursements received for unemployment insurance expenses that are expected to be incurred in a future period.

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.

Charter Township of Waterford

	Special Revenue Funds					
	Community Development	Library	Library	Weed	Police	Nature
	Block Grant	Library	Donations	Control	Restricted Use	Center
Assets						
Cash and investments	\$ 328,472	\$ 2,220,056	\$ 66,180	\$ 437,518	\$ 1,473,207	\$ 546,636
Receivables:						
Property taxes receivable	-	818,624	-	-	-	-
Special assessments receivable	-	-	-	110,348	-	-
Due from other governmental units	93,907	8,831	-	-	-	-
Rehabilitation loan receivable	1,553,389	-	-	-	-	-
Prepaid items	-	798	-	-	-	-
Total assets	\$ 1,975,768	\$ 3,048,309	\$ 66,180	\$ 547,866	\$ 1,473,207	\$ 546,636
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 8,056	\$ 26,314	\$ 171	\$ 18,318	\$ 103,593	\$ -
Due to other funds	-	-	-	-	-	-
Accrued liabilities and other	14,149	22,283	-	-	-	-
Total liabilities	22,205	48,597	171	18,318	103,593	-
Deferred Inflows of Resources						
Unavailable revenue	1,553,389	-	-	-	-	-
Property taxes and special assessments levied for the following year	-	1,790,838	-	260,114	-	-
Total deferred inflows of resources	1,553,389	1,790,838	-	260,114	-	-
Fund Balances						
Nonspendable - Prepays	-	798	-	-	-	-
Restricted:						
Police	-	-	-	-	1,369,614	-
Debt service	-	-	-	-	-	-
Community development	400,174	-	-	-	-	-
Library	-	1,208,076	66,009	-	-	-
Weed control	-	-	-	269,434	-	-
Nature center	-	-	-	-	-	546,636
Committed:						
Capital projects/Equipment - General	-	-	-	-	-	-
Capital projects/Equipment - Fire	-	-	-	-	-	-
Capital projects/Equipment - Parks and recreation	-	-	-	-	-	-
Assigned:						
Cable-related activities	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Total fund balances	400,174	1,208,874	66,009	269,434	1,369,614	546,636
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,975,768	\$ 3,048,309	\$ 66,180	\$ 547,866	\$ 1,473,207	\$ 546,636

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016**

Special Revenue Funds			Capital Projects Funds			Total
Cable Commission	Parks and Recreation	Debt Service Fund	Improvement Revolving	S.A.D. Road Paving	Capital Projects Allocation Fund	Nonmajor Governmental Funds
\$ 704,899	\$ 1,317,989	\$ 897,896	\$ 2,851,074	\$ 16,707	\$ 441,499	\$ 11,302,133
-	448,894	624,973	-	-	-	1,892,491
-	-	-	29,426	-	-	139,774
-	-	4,843	-	-	-	107,581
-	-	-	-	-	-	1,553,389
-	625	-	-	-	-	1,423
\$ 704,899	\$ 1,767,508	\$ 1,527,712	\$ 2,880,500	\$ 16,707	\$ 441,499	\$ 14,996,791
\$ 252	\$ 30,568	\$ -	\$ 20,152	\$ -	\$ -	\$ 207,424
-	61	-	-	-	-	61
1,192	16,304	1,589	-	-	-	55,517
1,444	46,933	1,589	20,152	-	-	263,002
-	-	-	30,906	-	-	1,584,295
-	982,008	1,367,203	-	-	-	4,400,163
-	982,008	1,367,203	30,906	-	-	5,984,458
-	625	-	-	-	-	1,423
-	-	-	-	-	-	1,369,614
-	-	158,920	-	-	-	158,920
-	-	-	-	-	-	400,174
-	-	-	-	-	-	1,274,085
-	-	-	-	-	-	269,434
-	-	-	-	-	-	546,636
-	-	-	-	-	150,517	150,517
-	-	-	-	-	200,517	200,517
-	-	-	-	-	90,465	90,465
703,455	-	-	-	-	-	703,455
-	-	-	2,829,442	16,707	-	2,846,149
-	737,942	-	-	-	-	737,942
703,455	738,567	158,920	2,829,442	16,707	441,499	8,749,331
\$ 704,899	\$ 1,767,508	\$ 1,527,712	\$ 2,880,500	\$ 16,707	\$ 441,499	\$ 14,996,791

Charter Township of Waterford

	Special Revenue Funds				
	Community Development	Library	Library	Weed	Police
	Block Grant	Library	Donations	Control	Restricted Use
Revenue					
Property taxes	\$ -	\$ 1,768,569	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Federal grants	473,810	-	-	-	63,342
State-shared revenue and grants	-	55,911	-	-	472,574
Charges for services	-	-	-	-	-
Fines and forfeitures	-	195,551	-	-	-
Investment income	-	11,542	-	-	8,360
Special assessments	-	-	-	302,291	-
Other revenue:					
Local contributions	-	240	15,271	-	-
Cable franchise fees	-	-	-	-	-
Other miscellaneous income	-	2,781	-	-	20,112
Total revenue	473,810	2,034,594	15,271	302,291	564,388
Expenditures					
Current:					
General government	8,582	-	-	-	-
Public safety	-	-	-	-	582,116
Community and economic development	394,250	-	-	-	-
Recreation and culture	-	1,836,334	34,044	262,820	-
Capital outlay	148	191,677	28,869	-	-
Debt service	-	-	-	-	-
Total expenditures	402,980	2,028,011	62,913	262,820	582,116
Excess of Revenue Over (Under) Expenditures	70,830	6,583	(47,642)	39,471	(17,728)
Other Financing Sources (Uses)					
Face value of debt issue	-	60,077	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources	-	60,077	-	-	-
Net Change in Fund Balances	70,830	66,660	(47,642)	39,471	(17,728)
Fund Balances - Beginning of year	329,344	1,142,214	113,651	229,963	1,387,342
Fund Balances - End of year	\$ 400,174	\$ 1,208,874	\$ 66,009	\$ 269,434	\$ 1,369,614

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2016

Special Revenue Funds				Capital Projects Fund			Total Nonmajor Governmental Funds
Nature Center	Cable Commission	Parks and Recreation	Debt Service Fund	Improvement Revolving	S.A.D. Road Paving	Capital Projects Allocation Fund	
\$ -	\$ -	\$ 970,936	\$ 1,338,316	\$ -	\$ -	\$ -	\$ 4,077,821
-	-	-	-	30,118	-	-	30,118
-	-	-	-	-	-	-	537,152
-	-	44,105	4,843	-	-	-	577,433
-	313,410	647,980	-	-	-	-	961,390
-	-	-	-	-	-	-	195,551
427	4,036	21,826	132	13,607	95	1,499	61,524
-	-	-	-	28,136	-	-	330,427
-	-	-	-	-	-	-	15,511
-	136,740	-	-	-	-	-	136,740
-	-	21,257	2,105	2,453	-	-	48,708
427	454,186	1,706,104	1,345,396	74,314	95	1,499	6,972,375
-	369,176	-	-	9,496	-	-	387,254
-	-	-	-	-	-	-	582,116
-	-	-	-	-	-	-	394,250
-	-	1,485,532	-	-	-	-	3,618,730
-	121,708	134,363	-	262,605	-	-	739,370
-	-	-	1,307,700	-	-	-	1,307,700
-	490,884	1,619,895	1,307,700	272,101	-	-	7,029,420
427	(36,698)	86,209	37,696	(197,787)	95	1,499	(57,045)
-	-	49,001	-	-	-	-	109,078
-	195	-	-	6,450	-	-	6,645
-	-	275,000	-	685,000	-	295,000	1,255,000
-	-	(45,000)	-	-	-	-	(45,000)
-	195	279,001	-	691,450	-	295,000	1,325,723
427	(36,503)	365,210	37,696	493,663	95	296,499	1,268,678
546,209	739,958	373,357	121,224	2,335,779	16,612	145,000	7,480,653
\$ 546,636	\$ 703,455	\$ 738,567	\$ 158,920	\$ 2,829,442	\$ 16,707	\$ 441,499	\$ 8,749,331

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Library Budgetary Comparison Year Ended December 31, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,740,748	\$ 1,740,748	\$ 1,768,569	\$ 27,821
State-shared revenue and grants	40,000	40,000	55,911	15,911
Fines and forfeitures	160,549	160,549	195,551	35,002
Investment income	12,043	12,043	11,542	(501)
Other revenue	5,400	5,400	3,021	(2,379)
Total revenue	1,958,740	1,958,740	2,034,594	75,854
Expenditures				
Current - Recreation and culture - Library	1,980,429	1,986,869	1,836,334	150,535
Capital outlay	185,141	189,641	191,677	(2,036)
Total expenditures	2,165,570	2,176,510	2,028,011	148,499
Excess of Revenue (Under) Over Expenditures	(206,830)	(217,770)	6,583	224,353
Other Financing Sources -				
Face value of debt issue	-	-	60,077	60,077
Net Change in Fund Balance	(206,830)	(217,770)	66,660	284,430
Fund Balance - Beginning of year	1,142,214	1,142,214	1,142,214	-
Fund Balance - End of year	<u>\$ 935,384</u>	<u>\$ 924,444</u>	<u>\$ 1,208,874</u>	<u>\$ 284,430</u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Police Restricted Use Budgetary Comparison Year Ended December 31, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ 135,000	\$ 135,000	\$ 63,342	\$ (71,658)
State-shared revenue and grants	90,000	90,000	472,574	382,574
Investment income	4,427	4,427	8,360	3,933
Other revenue	23,000	23,000	20,112	(2,888)
Total revenue	252,427	252,427	564,388	311,961
Expenditures - Current - Public safety	380,000	489,725	582,116	(92,391)
Net Change in Fund Balance	(127,573)	(237,298)	(17,728)	219,570
Fund Balance - Beginning of year	1,387,342	1,387,342	1,387,342	-
Fund Balance - End of year	\$ 1,259,769	\$ 1,150,044	\$ 1,369,614	\$ 219,570

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Nature Center Budgetary Comparison Year Ended December 31, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 402	\$ 402	\$ 427	\$ 25
Net Change in Fund Balance	402	402	427	25
Fund Balance - Beginning of year	546,209	546,209	546,209	-
Fund Balance - End of year	<u>\$ 546,611</u>	<u>\$ 546,611</u>	<u>\$ 546,636</u>	<u>\$ 25</u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Cable Commission Budgetary Comparison Year Ended December 31, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ 312,604	\$ 312,604	\$ 313,410	\$ 806
Investment income	2,634	2,634	4,036	1,402
Cable franchise fees	134,473	134,473	136,740	2,267
Total revenue	449,711	449,711	454,186	4,475
Expenditures				
Current - General government	356,095	408,433	369,176	39,257
Capital outlay	275	121,780	121,708	72
Total expenditures	356,370	530,213	490,884	39,329
Excess of Revenue Over (Under) Expenditures	93,341	(80,502)	(36,698)	43,804
Other Financing Sources -				
Proceeds from sale of capital assets	-	-	195	195
Net Change in Fund Balance	93,341	(80,502)	(36,503)	43,999
Fund Balance - Beginning of year	739,958	739,958	739,958	-
Fund Balance - End of year	<u>\$ 833,299</u>	<u>\$ 659,456</u>	<u>\$ 703,455</u>	<u>\$ 43,999</u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Parks and Recreation Budgetary Comparison Year Ended December 31, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 962,480	\$ 962,480	\$ 970,936	\$ 8,456
State-shared revenue and grants	25,000	25,000	44,105	19,105
Charges for services	629,200	629,200	647,980	18,780
Investment income	1,750	1,750	21,826	20,076
Other miscellaneous income	3,500	3,500	21,257	17,757
Total revenue	<u>1,621,930</u>	<u>1,621,930</u>	<u>1,706,104</u>	<u>84,174</u>
Expenditures				
Current - Recreation and culture	1,656,127	1,663,635	1,485,532	178,103
Capital outlay	136,200	136,200	134,363	1,837
Total expenditures	<u>1,792,327</u>	<u>1,799,835</u>	<u>1,619,895</u>	<u>179,940</u>
Excess of Revenue (Under) Over Expenditures	(170,397)	(177,905)	86,209	264,114
Other Financing Sources (Uses)				
Face value of debt issue	-	-	49,001	49,001
Transfers in	275,000	275,000	275,000	-
Transfers out	(45,000)	(45,000)	(45,000)	-
Total other financing sources	<u>230,000</u>	<u>230,000</u>	<u>279,001</u>	<u>49,001</u>
Net Change in Fund Balance	59,603	52,095	365,210	313,115
Fund Balance - Beginning of year	<u>373,357</u>	<u>373,357</u>	<u>373,357</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 432,960</u>	<u>\$ 425,452</u>	<u>\$ 738,567</u>	<u>\$ 313,115</u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Debt Service Fund Budgetary Comparison Year Ended December 31, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,323,089	\$ 1,323,089	\$ 1,338,316	\$ 15,227
State-shared revenue and grants	-	-	4,843	4,843
Investment income	398	398	132	(266)
Other revenue	1,900	1,900	2,105	205
Total revenue	1,325,387	1,325,387	1,345,396	20,009
Expenditures				
Debt service:				
Principal	1,200,000	1,200,000	1,200,000	-
Interest on long-term debt	107,700	107,700	107,700	-
Net Change in Fund Balance	17,687	17,687	37,696	20,009
Fund Balance - Beginning of year	121,224	121,224	121,224	-
Fund Balance - End of year	\$ 138,911	\$ 138,911	\$ 158,920	\$ 20,009

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Improvement Revolving Budgetary Comparison Year Ended December 31, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Licenses and permits	\$ 25,000	\$ 25,000	\$ 30,118	\$ 5,118
State-shared revenue and grants	45,000	45,000	-	(45,000)
Investment income	14,168	14,168	13,607	(561)
Rental income	-	-	28,136	28,136
Other revenue	-	-	2,453	2,453
Total revenue	<u>84,168</u>	<u>84,168</u>	<u>74,314</u>	<u>(9,854)</u>
Expenditures				
Current - General government	10,000	13,500	9,496	4,004
Capital outlay	403,501	400,001	262,605	137,396
Total expenditures	<u>413,501</u>	<u>413,501</u>	<u>272,101</u>	<u>141,400</u>
Excess of Expenditures Over Revenue	(329,333)	(329,333)	(197,787)	131,546
Other Financing Sources				
Proceeds from sale of capital assets	-	-	6,450	6,450
Transfers in	135,000	685,000	685,000	-
Total other financing sources	<u>135,000</u>	<u>685,000</u>	<u>691,450</u>	<u>6,450</u>
Net Change in Fund Balance	(194,333)	355,667	493,663	137,996
Fund Balance - Beginning of year	<u>2,335,779</u>	<u>2,335,779</u>	<u>2,335,779</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 2,141,446</u></u>	<u><u>\$ 2,691,446</u></u>	<u><u>\$ 2,829,442</u></u>	<u><u>\$ 137,996</u></u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Library Donations Budgetary Comparison Year Ended December 31, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Other revenue - Local donations	\$ 18,000	\$ 18,000	\$ 15,271	\$ (2,729)
Expenditures				
Current - Recreation and culture - Library	33,750	33,750	34,044	(294)
Capital outlay	40,500	40,500	28,869	11,631
Total expenditures	<u>74,250</u>	<u>74,250</u>	<u>62,913</u>	<u>11,337</u>
Net Change in Fund Balance	(56,250)	(56,250)	(47,642)	8,608
Fund Balance - Beginning of year	<u>113,651</u>	<u>113,651</u>	<u>113,651</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 57,401</u>	<u>\$ 57,401</u>	<u>\$ 66,009</u>	<u>\$ 8,608</u>

Charter Township of Waterford

Other Supplemental Information Combining Statement of Net Position Internal Service Funds December 31, 2016

	Motor Pool Fund	Fire Unemployment Costs	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 317,357	\$ 467,794	\$ 785,151
Inventory	75,463	-	75,463
Total current assets	392,820	467,794	860,614
Noncurrent assets - Capital assets - Assets subject to depreciation	1,061,238	-	1,061,238
Total assets	1,454,058	467,794	1,921,852
Liabilities			
Current liabilities:			
Accounts payable	20,412	26,442	46,854
Accrued interest payable	7,785	-	7,785
Current portion of long-term debt	168,008	-	168,008
Total current liabilities	196,205	26,442	222,647
Noncurrent liabilities:			
Provision for claims	-	441,352	441,352
Long-term debt - Net of current portion	523,509	-	523,509
Total noncurrent liabilities	523,509	441,352	964,861
Total liabilities	719,714	467,794	1,187,508
Net Position			
Net investment in capital assets	369,721	-	369,721
Unrestricted	364,623	-	364,623
Total net position	\$ 734,344	\$ -	\$ 734,344

Charter Township of Waterford

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds Year Ended December 31, 2016

	Motor Pool Fund	Fire Unemployment Costs	Total
Operating Revenue - Charges for services	\$ 183,973	\$ 10,934	\$ 194,907
Operating Expenses			
Billing and administrative costs	136,572	-	136,572
Unemployment costs	-	11,294	11,294
Depreciation	137,630	-	137,630
Total operating expenses	<u>274,202</u>	<u>11,294</u>	<u>285,496</u>
Operating Loss	(90,229)	(360)	(90,589)
Nonoperating Revenue (Expenses)			
Investment income	1,994	360	2,354
Interest expense	(12,298)	-	(12,298)
Gain on sale of assets	35,563	-	35,563
Total nonoperating revenue	<u>25,259</u>	<u>360</u>	<u>25,619</u>
Change in Net Position	(64,970)	-	(64,970)
Net Position - Beginning of year	<u>799,314</u>	<u>-</u>	<u>799,314</u>
Net Position - End of year	<u>\$ 734,344</u>	<u>\$ -</u>	<u>\$ 734,344</u>

Charter Township of Waterford

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended December 31, 2016

	Motor Pool Fund	Fire Unemployment Costs	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 183,973	\$ 10,934	\$ 194,907
Payments to suppliers	(148,602)	-	(148,602)
Claims paid	-	(21,093)	(21,093)
Net cash provided by (used in) operating activities	35,371	(10,159)	25,212
Cash Flows from Capital and Related Financing Activities			
Issuance of debt	187,212	-	187,212
Proceeds from sales of capital assets	107,728	-	107,728
Purchase of capital assets	(187,232)	-	(187,232)
Principal and interest paid on capital debt	(181,207)	-	(181,207)
Net cash used in capital and related financing activities	(73,499)	-	(73,499)
Cash Flows from Investing Activities - Interest received on investments			
	1,994	360	2,354
Net Decrease in Cash and Cash Equivalents	(36,134)	(9,799)	(45,933)
Cash and Cash Equivalents - Beginning of year	353,491	477,593	831,084
Cash and Cash Equivalents - End of year	\$ 317,357	\$ 467,794	\$ 785,151
Combining Statement of Net Position Classification of Cash and Cash Equivalents - Cash and investments	\$ 317,357	\$ 467,794	\$ 785,151
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (90,229)	\$ (360)	\$ (90,589)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	137,630	-	137,630
Changes in assets and liabilities:			
Inventories	(15,771)	-	(15,771)
Accounts payable	3,741	-	3,741
Estimated claims liability	-	(9,799)	(9,799)
Net cash provided by (used in) operating activities	\$ 35,371	\$ (10,159)	\$ 25,212

Charter Township of Waterford

Other Supplemental Information Combining Statement of Fiduciary Net Position Fiduciary Funds December 31, 2016

	Pension Trust Funds			
	Police and Fire Pension	General Employees' Pension	Other Postemployment Benefits	Total Pension Trust Funds
Assets				
Cash and cash equivalents	\$ -	\$ 5,142	\$ 723,700	\$ 728,842
Investments:				
Fixed-income funds	18,368,452	14,382,285	-	32,750,737
Publicly traded partnerships	673,588	-	-	673,588
Stocks	47,993,931	36,398,005	10,698,673	95,090,609
Mutual funds	17,487,800	5,871,036	-	23,358,836
Real estate investment trusts	2,094,754	268,726	-	2,363,480
Pension manager short-term funds	1,707,221	2,287,913	-	3,995,134
Securities lending short-term collateral bank investment pool - Mutual funds	4,028,484	826,122	-	4,854,606
Due from broker	33,992	-	-	33,992
Prepaid items	492,798	302,386	-	795,184
Accrued income	46,983	23,272	-	70,255
Total assets	<u>92,928,003</u>	<u>60,364,887</u>	<u>11,422,373</u>	<u>164,715,263</u>
Liabilities				
Accounts payable	82,109	53,265	-	135,374
Accrued liabilities and other - Obligations under securities lending agreements	<u>4,085,596</u>	<u>879,387</u>	<u>-</u>	<u>4,964,983</u>
Total liabilities	<u>4,167,705</u>	<u>932,652</u>	<u>-</u>	<u>5,100,357</u>
Net Position Restricted for Pensions and OPEB	<u><u>\$ 88,760,298</u></u>	<u><u>\$ 59,432,235</u></u>	<u><u>\$ 11,422,373</u></u>	<u><u>\$ 159,614,906</u></u>

Charter Township of Waterford

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended December 31, 2016

	Police and Fire Pension	General Employees' Pension	Other Postemployment Benefits	Total
Additions				
Investment income:				
Interest and dividends	\$ 2,153,609	\$ 954,516	\$ 462,877	\$ 3,571,002
Net increase in fair value of investments	7,624,394	1,734,356	218,248	9,576,998
Net investment income	9,778,003	2,688,872	681,125	13,148,000
Contributions:				
Employer	3,188,351	1,249,587	6,542,562	10,980,500
Employee	367,992	14,822	17,073	399,887
Total contributions	3,556,343	1,264,409	6,559,635	11,380,387
Total additions	13,334,346	3,953,281	7,240,760	24,528,387
Deductions				
Benefit payments	6,966,017	3,893,369	5,740,024	16,599,410
Administrative expenses	452,779	368,089	53,240	874,108
Total deductions	7,418,796	4,261,458	5,793,264	17,473,518
Net Increase (Decrease) in Net Position	5,915,550	(308,177)	1,447,496	7,054,869
Net Position Restricted for Pensions and OPEB - Beginning of year	82,844,748	59,740,412	9,974,877	152,560,037
Net Position Restricted for Pensions and OPEB - End of year	\$ 88,760,298	\$ 59,432,235	\$ 11,422,373	\$ 159,614,906

Charter Township of Waterford

Other Supplemental Information Statement of Changes in Assets and Liabilities Fiduciary Funds Year Ended December 31, 2016

	Balance at January 1, 2016	Additions	Reductions	Balance at December 31, 2016
Tax Collections				
Assets - Cash and investments	\$ 1,224,801	\$ 81,588,427	\$ (80,634,903)	\$ 2,178,325
Liabilities				
Due to other governmental units	\$ 1,151,171	\$ 2,102,308	\$ (1,157,091)	\$ 2,096,388
Accrued liabilities and other	73,630	81,936	(73,629)	81,937
Total liabilities	\$ 1,224,801	\$ 2,184,244	\$ (1,230,720)	\$ 2,178,325
Other Agency Funds				
Assets - Cash and investments	\$ 855,983	\$ 6,302,818	\$ (6,386,484)	\$ 772,317
Liabilities				
Bonds and other deposits	\$ 818,833	\$ 20,689,210	\$ (20,766,806)	\$ 741,237
Accrued liabilities and other	37,150	1,968,258	(1,974,328)	31,080
Total liabilities	\$ 855,983	\$ 22,657,468	\$ (22,741,134)	\$ 772,317
Total Agency Funds				
Assets - Cash and investments	\$ 2,080,784	\$ 87,891,245	\$ (87,021,387)	\$ 2,950,642
Liabilities				
Due to other governmental units	\$ 1,151,171	\$ 2,102,308	\$ (1,157,091)	\$ 2,096,388
Bonds and other deposits	818,833	20,689,210	(20,766,806)	741,237
Accrued liabilities and other	110,780	2,050,194	(2,047,957)	113,017
Total liabilities	\$ 2,080,784	\$ 24,841,712	\$ (23,971,854)	\$ 2,950,642

Charter Township of Waterford

Other Supplemental Information Component Unit - Veterans' Memorial Fund Fund-based Balance Sheet December 31, 2016

	Modified Accrual	Full Accrual Adjustments	Full Accrual
Assets			
Cash and cash equivalents	\$ 4,742	\$ -	\$ 4,742
Capital assets	-	59,571	59,571
Total assets	\$ 4,742	\$ 59,571	\$ 64,313
Equity - Fund balance - Restricted	\$ 4,742	\$ (4,742)	
Net Position			
Net investment in capital assets		59,571	\$ 59,571
Restricted - Veterans' Memorial		4,742	4,742
Total net position		\$ 59,571	\$ 64,313

Charter Township of Waterford

Other Supplemental Information Component Unit - Veterans' Memorial Fund Fund-based Schedule of Revenue and Expenditures Year Ended December 31, 2016

	Modified Accrual	Full Accrual Adjustments	Full Accrual
Revenue - Charges for services	\$ 150	\$ -	\$ 150
Expenditures			
Depreciation	-	2,180	2,180
General government	220	-	220
Total expenditures	220	2,180	2,400
Change in Fund Balance/Net Position	(70)	(2,180)	(2,250)
Fund Balance/Net Position - Beginning of year	4,812	61,751	66,563
Fund Balance/Net Position - End of year	<u>\$ 4,742</u>	<u>\$ 59,571</u>	<u>\$ 64,313</u>

Statistical Section

Charter Township of Waterford

Contents

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

1. Financial Trend Information

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

2. Revenue Capacity Information

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

3. Debt Capacity Information

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

4. Demographic and Economic Information

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

5. Operating Information

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

Charter Township of Waterford

	Fiscal Year			
	2007	2008	2009	2010
Governmental Activities				
Net investment in capital assets	\$ 44,981,170	\$ 44,405,669	\$ 44,754,072	\$ 44,944,850
Restricted	4,444,665	4,747,321	4,721,937	5,141,594
Unrestricted	13,253,224	8,271,581	1,800,600	(2,877,686)
Total net position	<u>\$ 62,679,059</u>	<u>\$ 57,424,571</u>	<u>\$ 51,276,609</u>	<u>\$ 47,208,758</u>
Business-type Activities				
Net investment in capital assets	\$ 75,401,201	\$ 73,989,325	\$ 71,654,120	\$ 73,463,981
Restricted	-	-	1,448,307	1,916,264
Unrestricted	17,295,329	16,345,225	13,946,883	13,185,990
Total net position	<u>\$ 92,696,530</u>	<u>\$ 90,334,550</u>	<u>\$ 87,049,310</u>	<u>\$ 88,566,235</u>
Primary Government in Total				
Net investment in capital assets	\$ 120,382,371	\$ 118,394,994	\$ 116,408,192	\$ 118,408,831
Restricted	4,444,665	4,747,321	6,170,244	7,057,858
Unrestricted	30,548,553	24,616,806	15,747,483	10,308,304
Total net position	<u>\$ 155,375,589</u>	<u>\$ 147,759,121</u>	<u>\$ 138,325,919</u>	<u>\$ 135,774,993</u>

Source: Township annual financial statements

* The Township implemented GASB No. 68 in 2015. The numbers in this table have not been updated retrospectively.

Financial Trend Information
Net Position by Component
(Unaudited)

		Fiscal Year					
2011	2012	2013	2014	2015 *	2016		
\$ 45,135,692	\$ 47,298,593	\$ 46,738,188	\$ 46,799,756	\$ 47,424,323	\$ 47,755,197		
5,370,788	5,262,167	5,058,980	5,299,562	5,512,742	5,573,050		
<u>(6,048,239)</u>	<u>(9,709,009)</u>	<u>(12,613,301)</u>	<u>(14,614,667)</u>	<u>(35,750,457)</u>	<u>(40,613,351)</u>		
<u>\$ 44,458,241</u>	<u>\$ 42,851,751</u>	<u>\$ 39,183,867</u>	<u>\$ 37,484,651</u>	<u>\$ 17,186,608</u>	<u>\$ 12,714,896</u>		
\$ 71,947,707	\$ 71,328,214	\$ 74,702,495	\$ 76,598,026	\$ 75,365,037	\$ 76,149,383		
2,206,903	2,084,405	2,150,295	813,588	2,998,522	1,098,158		
<u>13,185,783</u>	<u>14,110,363</u>	<u>14,968,603</u>	<u>14,544,118</u>	<u>13,754,631</u>	<u>15,948,494</u>		
<u>\$ 87,340,393</u>	<u>\$ 87,522,982</u>	<u>\$ 91,821,393</u>	<u>\$ 91,955,732</u>	<u>\$ 92,118,190</u>	<u>\$ 93,196,035</u>		
\$ 117,083,399	\$ 118,626,807	\$ 121,440,683	\$ 123,397,782	\$ 122,789,360	\$ 123,904,580		
7,577,691	7,346,572	7,209,275	6,113,150	8,511,264	6,671,208		
<u>7,137,544</u>	<u>4,401,354</u>	<u>2,355,302</u>	<u>(70,549)</u>	<u>(21,995,826)</u>	<u>(24,664,857)</u>		
<u>\$ 131,798,634</u>	<u>\$ 130,374,733</u>	<u>\$ 131,005,260</u>	<u>\$ 129,440,383</u>	<u>\$ 109,304,798</u>	<u>\$ 105,910,931</u>		

Charter Township of Waterford

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
General government	\$ 5,939,155	\$ 11,429,795	\$ 7,255,074	\$ 6,997,818
District Court	2,294,339	2,581,511	2,948,594	2,833,152
Fire and police	23,402,306	24,510,932	28,665,369	27,946,504
Building inspection	1,410,631	1,456,737	1,488,139	1,392,747
Public works activities	355,029	926,691	674,698	931,781
Community and economic activities	1,866,519	1,487,700	3,095,731	2,705,335
Recreation and culture	5,643,072	5,806,047	5,868,354	5,571,380
Interest on long-term debt	624,659	603,194	802,289	277,941
Total expenses	41,535,710	48,802,607	50,798,248	48,656,658
Program Revenue				
Charges for services:				
General government	2,976,906	3,129,723	3,537,865	3,095,082
District Court	1,693,652	1,853,358	1,795,195	1,480,037
Fire and police	784,770	794,250	1,426,080	2,058,194
Building inspection	604,994	527,704	376,323	482,410
Community and economic activities	167,659	218,830	396,331	112,540
Recreation and culture	945,881	1,040,496	1,174,611	1,221,313
Other activities	446,262	464,852	470,264	508,384
Total charges for services	7,620,124	8,029,213	9,176,669	8,957,960
Operating grants and contributions	694,940	698,365	2,007,831	2,149,749
Capital grants and contributions	-	-	-	285,650
Total program revenue	8,315,064	8,727,578	11,184,500	11,393,359
Excess of Expenses Over Program Revenue	(33,220,646)	(40,075,029)	(39,613,748)	(37,263,299)
General Revenue				
Property taxes	26,572,411	27,913,339	27,751,648	27,303,992
State-shared revenue	6,007,200	5,948,420	5,237,324	4,983,146
Investment earnings	1,677,529	953,573	209,413	150,336
Franchise fees	-	-	72,587	88,087
Miscellaneous	113,895	122,869	194,814	284,228
Transfers	(98,470)	(117,659)	-	-
Total general revenue	34,272,565	34,820,542	33,465,786	32,809,789
Special Items - Contribution of public safety assets	-	-	-	-
Change in Net Position	\$ 1,051,919	\$ (5,254,487)	\$ (6,147,962)	\$ (4,453,510)

Source: Township annual financial statements

Financial Trend Information
Changes in Governmental Net Position
(Unaudited)

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 6,705,725	\$ 6,941,413	\$ 7,540,276	\$ 7,371,411	\$ 8,468,129	\$ 10,008,883
2,419,633	2,252,893	2,292,718	2,382,795	2,023,796	2,060,646
24,652,327	29,836,433	32,017,761	32,860,164	33,814,996	32,607,963
1,240,541	1,499,568	1,081,438	1,091,307	1,137,157	1,128,343
746,742	831,566	507,388	378,338	341,865	447,811
2,188,419	1,662,882	1,326,708	1,407,689	1,365,836	1,436,840
4,897,241	4,138,458	4,426,465	4,172,091	4,106,423	4,235,473
<u>302,836</u>	<u>284,155</u>	<u>217,799</u>	<u>194,547</u>	<u>170,170</u>	<u>144,707</u>
43,153,464	47,447,368	49,410,553	49,858,342	51,428,372	52,070,666
2,130,007	2,730,919	2,807,268	2,642,128	1,832,510	1,952,187
1,302,460	1,175,963	1,350,596	1,282,052	1,037,257	1,072,440
2,026,482	7,580,204	8,447,612	8,567,130	8,366,943	8,486,146
346,073	344,960	444,680	636,514	594,148	667,341
79,046	93,411	89,110	131,987	131,393	119,145
1,268,767	1,289,312	1,353,572	1,311,791	1,368,111	1,345,423
<u>575,408</u>	<u>575,165</u>	<u>93,480</u>	<u>592,061</u>	<u>544,191</u>	<u>534,973</u>
7,728,243	13,789,934	14,586,318	15,163,663	13,874,553	14,177,655
1,785,418	992,965	2,861,831	4,515,109	4,841,171	2,652,932
-	896,439	18,657	117,289	38	32,731
<u>9,513,661</u>	<u>15,679,338</u>	<u>17,466,806</u>	<u>19,796,061</u>	<u>18,715,762</u>	<u>16,863,318</u>
(33,639,803)	(31,768,030)	(31,943,747)	(30,062,281)	(32,712,610)	(35,207,348)
24,615,307	21,598,342	21,072,941	21,006,495	22,021,348	22,553,997
5,146,592	5,502,059	5,664,103	5,784,757	5,764,563	5,913,916
125,441	96,075	145,472	237,100	176,563	194,776
929,916	978,271	1,142,999	1,193,645	1,250,899	1,243,092
72,030	237,360	250,348	141,068	491,375	829,855
-	-	-	-	-	-
30,889,286	28,412,107	28,275,863	28,363,065	29,704,748	30,735,636
-	1,749,433	-	-	-	-
<u>\$ (2,750,517)</u>	<u>\$ (1,606,490)</u>	<u>\$ (3,667,884)</u>	<u>\$ (1,699,216)</u>	<u>\$ (3,007,862)</u>	<u>\$ (4,471,712)</u>

Charter Township of Waterford

	Fiscal Year			
	2007	2008	2009	2010
Operating Revenue				
Water usage billings	\$ 4,485,952	\$ 4,433,736	\$ 4,271,239	\$ 5,178,302
Sewage disposal charges	9,260,007	9,749,175	10,589,084	10,835,754
Other sales to customers	35,705	21,244	15,400	22,561
Charges for services	184,124	154,716	135,092	262,589
Operating grants	509,898	70,023	33,336	49,046
Total operating revenue	14,475,686	14,428,894	15,044,151	16,348,252
Operating Expenses				
Cost of water	1,929,798	1,877,558	2,073,815	1,750,817
Cost of sewage disposal	5,445,964	6,581,257	5,798,600	6,543,296
Operation and maintenance costs	1,264,007	730,997	991,427	943,623
Billing and administrative costs	4,674,404	4,747,777	5,702,312	4,485,462
Depreciation	3,462,368	3,759,641	3,910,157	3,459,145
Other services and charges	125	1,469	-	-
Total operating expenses	16,776,666	17,698,699	18,476,311	17,182,343
Operating (Loss) Income	(2,300,980)	(3,269,805)	(3,432,160)	(834,091)
Nonoperating Revenue (Expense)				
Gain on sale of assets	-	-	-	-
Investment income	721,961	552,486	292,311	252,947
Interest expense	(173,580)	(293,178)	(381,215)	(394,572)
Total nonoperating revenue (expense)	548,381	259,308	(88,904)	(141,625)
(Loss) Income - Before contributions	(1,752,599)	(3,010,497)	(3,521,064)	(975,716)
Transfers In - Net	98,470	117,659	-	-
Capital Contributions	634,529	530,858	235,824	2,492,641
Change in Net Position	\$ (1,019,600)	\$ (2,361,980)	\$ (3,285,240)	\$ 1,516,925
Change in Primary Government Net Position				
Change in governmental net position	\$ 1,051,919	\$ (5,254,487)	\$ (6,147,962)	\$ (4,453,510)
Change in business-type net position	(1,019,600)	(2,361,980)	(3,285,240)	1,516,925
Total change in primary government net position	\$ 32,319	\$ (7,616,467)	\$ (9,433,202)	\$ (2,936,585)

Source: Township annual financial statements

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

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 5,092,940	\$ 5,411,677	\$ 4,680,162	\$ 4,916,805	\$ 5,767,266	\$ 6,012,824
11,588,492	12,824,921	14,273,975	15,211,866	15,606,349	16,506,995
25,940	28,365	33,323	24,770	32,237	24,730
253,699	253,335	263,518	288,726	262,479	466,141
19,414	373,980	36,976	10,536	-	-
<u>16,980,485</u>	<u>18,892,278</u>	<u>19,287,954</u>	<u>20,452,703</u>	<u>21,668,331</u>	<u>23,010,690</u>
1,667,552	1,671,016	1,640,029	1,658,724	1,600,899	1,690,175
7,010,894	7,343,946	8,294,563	9,005,056	9,259,783	9,166,971
708,744	548,469	578,010	730,739	727,738	799,509
5,272,625	5,270,602	5,461,724	5,525,326	5,677,345	5,847,148
3,438,847	3,686,911	3,682,610	3,586,054	4,022,724	4,138,057
-	-	-	-	-	-
<u>18,098,662</u>	<u>18,520,944</u>	<u>19,656,936</u>	<u>20,505,899</u>	<u>21,288,489</u>	<u>21,641,860</u>
(1,118,177)	371,334	(368,982)	(53,196)	379,842	1,368,830
9,405	-	12,304	11,960	-	(95,143)
153,224	66,050	110,795	135,605	114,119	107,899
<u>(379,396)</u>	<u>(351,397)</u>	<u>(441,360)</u>	<u>(379,690)</u>	<u>(576,350)</u>	<u>(522,830)</u>
<u>(216,767)</u>	<u>(285,347)</u>	<u>(318,261)</u>	<u>(232,125)</u>	<u>(462,231)</u>	<u>(510,074)</u>
(1,334,944)	85,987	(687,243)	(285,321)	(82,389)	858,756
-	-	-	-	-	-
<u>109,103</u>	<u>96,601</u>	<u>4,985,654</u>	<u>419,660</u>	<u>750,175</u>	<u>219,089</u>
<u>\$ (1,225,841)</u>	<u>\$ 182,588</u>	<u>\$ 4,298,411</u>	<u>\$ 134,339</u>	<u>\$ 667,786</u>	<u>\$ 1,077,845</u>
\$ (2,750,517)	\$ (1,606,490)	\$ (3,667,884)	\$ (1,699,216)	\$ (3,007,862)	\$ (4,471,712)
<u>(1,225,841)</u>	<u>182,588</u>	<u>4,298,411</u>	<u>134,339</u>	<u>667,786</u>	<u>1,077,845</u>
<u>\$ (3,976,358)</u>	<u>\$ (1,423,902)</u>	<u>\$ 630,527</u>	<u>\$ (1,564,877)</u>	<u>\$ (2,340,076)</u>	<u>\$ (3,393,867)</u>

Charter Township of Waterford

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ 131,037
Unreserved	1,737,438	2,076,456	2,254,966	1,481,735
Nonspendable	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	1,737,438	2,076,456	2,254,966	1,612,772
All Other Governmental Funds				
Reserved	493,090	571,938	738,941	954,024
Unreserved, reported in:				
Special Revenue Funds	12,936,271	8,373,298	7,084,171	6,877,134
Capital Projects Funds	185,125	146,288	79,198	86,883
Debt Service Funds	328,023	362,295	73,179	331,124
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total General Fund and all other governmental funds	\$ 15,679,947	\$ 11,530,275	\$ 10,230,455	\$ 9,861,937

Note: In 2011, the Township adopted GASB Statement No. 54, which changed fund balance classifications.

Source: Township annual financial statements

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

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
41,258	40,404	41,130	102,118	176,681	96,798
-	-	1,453,123	1,820,048	2,125,140	2,551,284
1,703,984	793,124	-	-	-	64,373
<u>792,173</u>	<u>1,872,425</u>	<u>2,892,642</u>	<u>4,412,750</u>	<u>5,804,705</u>	<u>7,254,216</u>
2,537,415	2,705,953	4,386,895	6,334,916	8,106,526	9,966,671
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,915	3,466	29,782	7	271,341	2,668
3,937,880	3,870,100	3,610,425	3,870,972	4,029,098	4,018,863
-	-	-	-	145,000	441,499
<u>4,606,791</u>	<u>4,942,477</u>	<u>5,757,190</u>	<u>6,890,698</u>	<u>7,820,864</u>	<u>9,348,667</u>
<u>\$ 11,089,001</u>	<u>\$ 11,521,996</u>	<u>\$ 13,784,292</u>	<u>\$ 17,096,593</u>	<u>\$ 20,372,829</u>	<u>\$ 23,778,368</u>

Charter Township of Waterford

	Fiscal Year			
	2007	2008	2009	2010
Revenue				
Property taxes	\$ 26,886,857	\$ 27,972,916	\$ 27,816,321	\$ 27,487,340
Intergovernmental revenue	6,794,515	7,213,496	7,660,834	7,177,942
Licenses and permits	1,151,351	1,207,258	1,164,144	1,366,130
Fines and forfeitures	2,135,331	2,176,313	2,120,660	1,792,007
Charges for services	2,444,256	2,497,863	2,900,239	3,715,399
Special assessments	446,262	760,745	748,705	808,083
Interest and miscellaneous	2,860,554	2,284,495	1,490,876	1,790,264
Total revenue	42,719,126	44,113,086	43,901,779	44,137,165
Expenditures				
Current:				
General government and district court	7,779,594	13,800,090	8,277,219	9,070,564
Public safety	22,941,441	23,540,465	26,409,209	26,270,382
Community and economic development	3,390,156	1,901,477	2,919,236	2,117,054
Recreation and culture	4,548,647	6,229,423	4,858,451	4,722,679
Miscellaneous	29,846	13,504	43,954	269,934
Capital outlay	1,701,797	1,326,510	1,055,415	808,788
Debt administration:				
Principal	779,755	765,225	856,452	904,749
Interest	531,460	568,405	781,663	341,533
Total expenditures	41,702,696	48,145,099	45,201,599	44,505,683
Excess of Revenue Over (Under) Expenditures	1,016,430	(4,032,013)	(1,299,820)	(368,518)
Other Financing Sources (Uses)				
Face value of debt issue	-	-	-	-
Debt premium	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	8,898,465	9,400,000	8,500,000	8,500,000
Transfers out	(8,996,935)	(9,517,659)	(8,500,000)	(8,500,000)
Payment to bond refunding escrow agent	-	-	-	-
Total other financing (uses) sources	(98,470)	(117,659)	-	-
Net Change in Fund Balances	917,960	(4,149,672)	(1,299,820)	(368,518)
Fund Balances - Beginning of year	14,761,987	15,679,947	11,530,275	10,230,455
Fund Balances - End of year	\$ 15,679,947	\$ 11,530,275	\$ 10,230,455	\$ 9,861,937
Debt service as a percentage of noncapital expenditures	3.28%	2.85%	3.70%	2.85%

Source: Township annual financial statements

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

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 24,217,983	\$ 21,220,749	\$ 20,688,982	\$ 20,932,159	\$ 22,039,689	\$ 22,528,159
7,090,287	7,213,657	8,508,876	10,670,673	9,711,390	8,685,835
300,769	364,258	485,610	657,977	612,176	696,992
1,586,332	1,411,839	1,588,776	1,544,005	1,507,749	1,501,791
3,894,382	9,606,043	10,411,618	10,636,717	10,749,411	10,847,802
858,299	864,927	927,510	830,284	855,076	837,264
1,825,496	2,824,124	2,989,638	2,720,465	2,907,439	3,052,781
39,773,548	43,505,597	45,601,010	47,992,280	48,382,930	48,150,624
8,470,321	7,615,207	7,534,310	7,349,954	7,185,480	7,796,775
22,620,407	27,782,168	28,800,415	29,953,841	29,746,712	29,410,301
1,249,546	1,671,165	1,336,629	1,358,975	1,300,250	1,357,980
4,138,183	3,412,416	3,615,923	3,426,284	3,593,989	3,618,730
142,218	36,378	43,925	68,175	-	-
648,183	1,258,568	684,405	1,148,223	1,893,200	1,372,641
990,000	1,040,000	1,095,000	1,175,000	1,232,932	1,344,032
287,626	275,864	228,107	199,527	164,731	127,970
38,546,484	43,091,766	43,338,714	44,679,979	45,117,294	45,028,429
1,227,064	413,831	2,262,296	3,312,301	3,265,636	3,122,195
-	957,919	-	-	-	276,699
-	27,722	-	-	-	-
-	-	-	-	10,600	6,645
7,450,000	7,550,000	7,605,000	7,345,000	8,267,500	9,007,500
(7,450,000)	(7,550,000)	(7,605,000)	(7,345,000)	(8,267,500)	(9,007,500)
-	(966,477)	-	-	-	-
-	19,164	-	-	10,600	283,344
1,227,064	432,995	2,262,296	3,312,301	3,276,236	3,405,539
9,861,937	11,089,001	11,521,996	13,784,292	17,096,593	20,372,829
\$ 11,089,001	\$ 11,521,996	\$ 13,784,292	\$ 17,096,593	\$ 20,372,829	\$ 23,778,368
3.37%	3.15%	3.10%	3.16%	3.23%	3.37%

Charter Township of Waterford

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

Fiscal Year	General Property Taxes	Inter-governmental Revenue	Special Assessments	Licenses and Permits	Fines and Fees	Charges for Services	Interest and Miscellaneous	Total Revenue
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
2013	20,688,982	8,508,876	927,510	485,610	1,588,776	10,411,618	2,989,638	45,601,010
2014	20,932,159	10,670,673	830,284	657,977	1,544,005	10,636,717	2,720,465	47,992,280
2015	22,039,689	9,711,390	855,076	612,176	1,507,749	10,749,411	2,907,439	48,382,930
2016	22,528,159	8,685,835	837,264	696,992	1,501,791	10,847,802	3,052,781	48,150,624

NOTE: Includes all governmental-type funds

Source: Township annual financial statements

Charter Township of Waterford

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
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
2013	7,534,310	28,800,415	1,336,629	3,615,923	684,405	1,323,107	43,925	43,338,714
2014	7,349,954	29,953,841	1,358,975	3,426,284	1,148,223	1,374,527	68,175	44,679,979
2015	7,185,480	29,746,712	1,300,250	3,593,989	1,893,200	1,397,663	-	45,117,294
2016	7,796,775	29,410,301	1,357,980	3,618,730	1,372,641	1,472,002	-	45,028,429

NOTE: Includes all governmental fund types under modified accrual accounting

Source: Township annual financial statements

Charter Township of Waterford

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

Fiscal Year	Nonspendable Fund Balance	Reserved/ Restricted Fund Balance	Unreserved/ Unrestricted Fund Balance	Annual Expenditures and Transfers	Unreserved/ Unrestricted Fund Balance as a Percentage of Expenditures
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%
2013	41,130	-	4,345,765	18,383,291	23.64%
2014	102,118	-	6,232,798	17,981,655	34.66%
2015	176,681	-	7,929,845	17,484,283	45.35%
2016	96,798	-	9,805,500	18,694,328	52.45%

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

Source: Township annual financial statements

Charter Township of Waterford

Taxable Value by Property Type (I)					
Tax Year	Real Property			Personal	Total Value
	Residential	Commercial	Industrial	Property	
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
2013	1,429,379,595	374,448,860	18,688,080	83,220,870	1,905,737,405
2014	1,456,683,719	358,646,790	15,849,700	72,869,590	1,904,049,799
2015	1,498,201,930	345,433,650	26,680,740	73,377,976	1,943,694,296
2016	1,534,483,430	344,829,640	26,741,060	75,399,276	1,981,453,406

(I) Under Michigan law, the revenue base is taxable value. Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.

Source: Township Assessing Department records

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

Tax Rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
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%
11.08	3,951,590,330	48.23%
11.58	4,114,381,038	46.28%
11.58	4,548,921,312	42.73%
11.51	4,998,497,592	39.64%

Charter Township of Waterford

Tax Year	Millage Rates - Direct Township Taxes (1)			Overlapping Taxes				
	General Operating	Debt	Total Direct Taxes	County Combined (4)	Community College	Intermediate School District	School - Principal (3)	School - Non-principal (3)
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
2012	10.3896	0.5000	10.8896	4.9461	1.5844	3.3690	11.8500	29.8500
2014	10.8896	0.6900	11.5796	4.9461	1.5844	3.3690	13.0000	31.0000
2015	10.8896	0.6900	11.5796	4.8450	1.5819	3.3633	13.0000	31.0000
2016	10.8164	0.6900	11.5064	4.7909	1.5707	3.3398	13.0000	31.0000

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

(2) Previously termed homestead and nonhomestead

(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 Rec, Huron Clinton Metro Authority, and Zoo Authority.

Source: Township Assessing Department records

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

(2) Total Tax Rate

<u>Principal</u>	<u>Nonprincipal</u>
29.5605	47.5605
29.6605	47.6605
29.7605	47.7605
31.8091	49.8091
32.4391	50.4391
32.6391	50.6391
32.6391	50.6391
34.4791	52.4791
34.3698	52.3698
34.2078	52.2078

Charter Township of Waterford

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

Taxpayer	Type of Business	2016 Taxable Value	Percentage of Total	2007 Taxable Value	Percentage of Total	2007 Rank
1 Detroit Edison	Utility	\$ 26,705,850	1.35%	\$ 21,992,150	0.81%	1
2 Cass Lake Shore Apts	Apartment	8,180,020	0.41%	8,921,520	0.33%	4
3 Consumers Energy	Utility	7,539,720	0.38%	6,157,650	0.23%	9
4 General Motors	Manufacturing	4,790,410	0.24%	13,697,160	0.51%	2
5 Meijer	Retail	5,834,450	0.29%	7,516,820	0.28%	8
6 Rite Aid	Retail	6,694,870	0.34%	7,584,500	0.28%	6
7 Rivers Edge Apts/Occidental Development	Apartment	5,778,760	0.29%	8,653,046	0.32%	5
8 Pentastar Aviation	Corporate Aviation	4,765,510	0.24%	N/A	N/A	N/A
9 Village Green/Holtzman & Silverman	Apartment	4,836,470	0.24%	6,874,740	0.25%	7
10 Kmart/Sears & Roebuck	Retail	4,320,620	0.22%	N/A	N/A	N/A
Total		\$ 79,446,680	4.00%	\$ 81,397,586	3.01%	
Total Township Taxable Value		\$ 1,981,453,406		\$ 2,712,182,410		

Source: Waterford Township Assessing Department records

Charter Township of Waterford

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

Fiscal Year	Total Levy	Collections	Percent Collected	Delinquent Collections (Real)	Total Tax Collections	Percent of Levy Collected	Delinquent Tax Receivable
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%	72,954
2012	20,819,579	19,509,375	93.71%	1,211,043	20,720,418	99.52%	98,454
2013	20,893,494	19,663,238	94.11%	1,208,306	20,871,544	99.89%	53,801
2014	21,967,753	20,771,999	94.56%	1,163,240	21,935,239	99.85%	32,514
2015	22,423,378	21,270,467	94.86%	1,096,206	22,366,673	99.75%	55,874
2016	22,755,214	21,676,415	95.26%	1,035,653	22,712,068	99.81%	42,004

Source: Township Treasurer's Office records

Charter Township of Waterford

	2007	2008	2009	2010
Governmental Activities				
General obligation bonds	\$ 13,745,000	\$ 13,095,000	\$ 12,485,000	\$ 10,995,000
Installment purchase agreements	-	-	-	-
Special assessment bonds	200,000	110,000	20,000	10,000
Revenue bonds	-	-	-	-
Notes payable	-	-	-	-
Capital leases	-	-	-	-
Total	13,945,000	13,205,000	12,505,000	11,005,000
Business-type Activities				
General obligation bonds	6,151,308	14,577,085	15,471,528	16,529,634
Installment purchase agreements	-	-	-	-
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Notes payable	-	-	-	-
Capital leases	-	-	-	-
Total	6,151,308	14,577,085	15,471,528	16,529,634
Total Debt of the Government	<u>\$ 20,096,308</u>	<u>\$ 27,782,085</u>	<u>\$ 27,976,528</u>	<u>\$ 27,534,634</u>
Total Taxable Value	\$ 2,712,182,410	\$ 2,706,150,524	\$ 2,648,467,760	\$ 2,260,548,870
Ratio of Total Debt to Taxable Value	0.74%	1.03%	1.06%	1.22%
Total Population	68,258	74,277	70,678	70,749
Total Debt per Capita	\$ 294	\$ 374	\$ 396	\$ 389
Per Capita Personal Income	(1)	(1)	\$ 28,387	\$ 28,518
Ratio of Debt to Personal Income	(1)	(1)	1.39%	1.36%

(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)**

	2011	2012	2013	2014	2015	2016
\$	9,625,000	\$ 8,337,969	\$ 7,097,969	\$ 5,922,969	\$ 4,690,037	\$ 3,378,736
	-	-	-	-	672,614	691,517
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	243,974
	-	-	-	-	-	-
	9,625,000	8,337,969	7,097,969	5,922,969	5,362,651	4,314,227
	18,263,706	19,328,651	22,968,930	32,500,078	36,033,495	34,868,462
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	61,337
	-	-	-	-	-	-
	<u>18,263,706</u>	<u>19,328,651</u>	<u>22,968,930</u>	<u>32,500,078</u>	<u>36,033,495</u>	<u>34,929,799</u>
\$	<u>27,888,706</u>	<u>27,666,620</u>	<u>30,066,899</u>	<u>38,423,047</u>	<u>41,396,146</u>	<u>39,244,026</u>
\$	1,996,102,460	\$ 1,930,465,372	\$ 1,905,737,405	\$ 1,904,049,799	\$ 1,943,694,296	\$ 1,981,453,406
	1.40%	1.43%	1.58%	2.02%	2.13%	1.98%
	71,798	72,171	72,645	72,181	72,503	72,756
\$	388	\$ 383	\$ 414	\$ 532	\$ 571	\$ 539
\$	29,401	\$ 26,423	\$ 26,151	\$ 28,717	\$ 29,255	\$ 31,149
	1.32%	1.45%	1.58%	1.85%	1.95%	1.73%

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
2007	\$ 9,071,308	\$ 10,825,000	\$ 328,023	\$ 19,568,285	\$ 2,712,182,410	0.72%	68,258	\$ 287
2008	17,422,085	10,250,000	362,295	27,309,790	2,706,150,524	1.01%	74,277	368
2009	18,441,528	9,515,000	79,879	27,876,649	2,648,467,760	1.05%	70,678	394
2010	18,779,634	8,745,000	331,124	27,193,510	2,260,548,870	1.20%	70,749	384
2011	20,003,707	7,885,000	349,877	27,538,830	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
2013	24,061,899	6,005,000	7,665	30,059,234	1,905,737,405	1.58%	72,645	414
2014	33,458,047	4,965,000	80,092	38,342,955	1,904,049,799	2.01%	72,181	531
2015	36,883,532	3,840,000	121,224	40,602,308	1,943,694,296	2.09%	72,503	560
2016	35,607,198	2,640,000	158,920	38,088,278	1,981,453,406	1.92%	72,756	524

Note: Special assessment bonds have been excluded.

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

Source: Township annual financial statements.

Charter Township of Waterford

Direct and Overlapping Debt Year Ended December 31, 2016 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated % Applicable to Waterford	Estimated Share of Overlapping Debt
Oakland County	\$ 395,418,387	3.76%	\$ 14,867,731
School Districts:			
Clarkston school district	171,876,068	2.03%	3,489,084
Pontiac school district	33,789,135	2.17%	733,224
Waterford school district	109,380,000	85.87%	93,924,606
Oakland Community College	1,605,000	3.79%	60,830
Intermediate school district	<u>46,680,000</u>	3.77%	<u>1,759,836</u>
Total overlapping debt	758,748,590		114,835,311
Direct township debt, governmental activities	<u>4,314,227</u>	100.00%	<u>4,314,227</u>
Total direct and overlapping debt	<u>\$ 763,062,817</u>		<u>\$ 119,149,538</u>

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

Source: Municipal Advisory Council of Michigan

Charter Township of Waterford

	2007	2008	2009	2010
Calculation of Debt Limit (1)				
State equalized valuation	\$ 3,305,206,080	\$ 3,156,915,170	\$ 2,913,133,370	\$ 2,356,726,670
Debt limit (10% of equalized value)	330,520,608	315,691,517	291,313,337	235,672,667
Calculation of Debt Subject to Limit				
Total debt	20,096,308	27,782,085	27,976,528	27,534,634
Less debt not subject to limit:				
Installment purchase agreements	-	-	-	-
Notes payable	-	-	-	-
Special assessment bonds	200,000	110,000	20,000	10,000
Revenue bonds	-	-	-	-
Enterprise fund bonds	6,151,308	14,577,085	15,471,528	16,529,634
Net Debt Subject to Limit	<u>13,745,000</u>	<u>13,095,000</u>	<u>12,485,000</u>	<u>10,995,000</u>
Legal Debt Margin	<u>\$ 316,775,608</u>	<u>\$ 302,596,517</u>	<u>\$ 278,828,337</u>	<u>\$ 224,677,667</u>
Net Debt Subject to Limit as				
Percentage of Debt Limit	4.34%	4.33%	4.48%	4.89%

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

Source: Township annual financial statements, Total SEV Township Assessing Department records

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

2011	2012	2013	2014	2015	2016
\$ 2,050,367,380	\$ 1,974,086,000	\$ 1,975,795,165	\$ 2,057,190,519	\$ 2,274,460,656	\$ 2,499,248,796
205,036,738	197,408,600	197,579,517	205,719,052	227,446,066	249,924,880
27,888,707	27,666,620	30,066,899	38,423,047	41,396,146	39,244,026
-	-	-	-	672,614	691,517
-	-	-	-	-	305,311
-	-	-	-	-	-
-	-	-	-	-	-
18,263,707	19,328,651	22,968,930	32,500,078	36,033,495	34,868,462
<u>9,625,000</u>	<u>8,337,969</u>	<u>7,097,969</u>	<u>5,922,969</u>	<u>4,690,037</u>	<u>3,378,736</u>
<u>\$ 195,411,738</u>	<u>\$ 189,070,631</u>	<u>\$ 190,481,548</u>	<u>\$ 199,796,083</u>	<u>\$ 222,756,029</u>	<u>\$ 246,546,144</u>
4.93%	4.41%	3.73%	2.96%	2.11%	1.37%

Charter Township of Waterford

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

Fiscal year	Population		Personal Income (in thousands)	Estimated Number of Households	Per Capita Personal Income	Median Age	Unemployment Rate (Percentage)
2007	68,258	(1)	\$ n/a	29,145	\$ 29,763	40.6	9.8%
2008	74,277	(2)	n/a	31,317	27,366	39.0	8.1%
2009	70,678	(3)	2,006,336	29,316	28,387	40.8	7.9%
2010	70,749	(4)	2,017,620	29,140	28,518	38.8	9.0%
2011	71,798	(5)	2,110,933	29,892	29,401	39.1	9.3%
2012	72,171	(6)	1,906,974	27,700	26,423	37.5	8.8%
2013	72,645	(7)	1,899,739	29,523	26,151	39.6	8.9%
2014	72,181	(8)	2,072,822	29,612	28,717	40.0	6.8%
2015	72,503	(9)	2,049,515	29,255	28,268	40.7	4.6%
2016	72,756	(10)	2,266,277	30,342	31,149	40.5	4.0%

- (1) 2006 Census Department - American Community Survey Data Profile Review
(2) 2007 Census Department - American Community Survey Data Profile Review
(3) 2008 Census Department - American Community Survey Data Profile Review
(4) 2009 Census Department - American Community Survey Data Profile Review
(5) 2010 Census Department - American Community Survey Data Profile Review
(6) 2011 Census Department - American Community Survey Data Profile Review
(7) 2012 Census Department - American Community Survey Data Profile Review
(8) 2013 Census Department - American Community Survey Data Profile Review
(9) 2014 Census Department - American Community Survey Data Profile Review
(10) 2015 Census Department - American Community Survey Data Profile Review
n/a - Not available

Charter Township of Waterford

Demographic and Economic Information Principal Employers (Unaudited)

Taxpayer	Enterprise	2016 Employees (1) (2)	Percentage of Total	2007	Percentage of Total
1 Waterford School District	Education	1,360	3.5%	2100	N/A
2 Oakland County	Government	1,287	3.3%	975	N/A
3 Township Of Waterford (2)	Government	466	1.2%	370	N/A
4 Oakland Intermediary Schools	Education	315	0.8%	305	N/A
5 Whitesell International	Manufacturing	280	0.7%	N/A	N/A
6 Meijer	Retail	282	0.7%	475	N/A
7 Canterbury Healthcare, Inc.	Nursing Care	247	0.6%	N/A	N/A
8 Pentastar Aviation, LLC	Air Transportation	243	0.6%	N/A	N/A
9 Road Commission Of Oakland Cty	Transportation	206	0.5%	285	N/A
10 Oakland Community College (3)	Education	<u>149</u>	0.4%	N/A	N/A
Total		<u>4,835</u>		N/A	
Total Township Employment (1)		<u>38,636</u>		N/A	

(1) Data is from various sources including:
2015 American Community Survey DP03

(2) Direct full-time and part-time employees only; not contracted/outsourced

(3) Direct hire and estimated adjunct

Charter Township of Waterford

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

Department	2007	2008	2009	2010 (2)	2011	2012	2013	2014	2015	2016
Supervisor/Assessing	9	9	9	7	6	7	6	6	6	7
Clerk's office	6	6	6	6	5	6	6	6	6	7
Treasurer's office	7	7	6	6	6	6	6	6	6	6
Fiscal and human resources	3	3	2	2	2	2	2	2	2	2
51st District Court	31	31	30	25	25	23	23	23	22	19
Planning and development	8	7	7	6	5	3	3	3	3	3
Information systems	5	4	5	4	3	3	3	3	3	4
Facilities and operations	10	10	10	8	8	10	10	10	10	8
Building and engineering	10	10	9	9	9	8	7	7	8	8
Parks and recreation	13	13	12	10	9	6	6	5	6	8
Police department	99	99	99	71	64	65	64	63	66	67
Fire department (3)	67	68	71	67	64	106	146	140	104	119
Library	21	21	20	19	13	13	12	13	13	13
Water and sewer	51	51	50	43	42	41	40	41	40	41
Cable	-	-	-	-	-	-	-	-	-	1
Total	340	339	336	283	261	299	334	328	295	313

(1) Full-time employees reported only, data are not available for equivalent part-time positions.

(2) Numbers reflect retirement of 20 employees on December 31, 2010 (Retirements: Court-3, Police-15, Fire-1, Water and Sewer-1).

(3) In 2016, the Charter Township of Waterford was awarded a Federal Safer Grant which increased the fire department staffing by 15 positions at year end.

Source: Payroll and benefit department and other records

Charter Township of Waterford

Function/Program	2007	2008	2009	2010	2011
Police:					
Physical arrests	2,144	2,231	1,832	1,492	1,614
Traffic violations	8,792	9,700	10,160	6,359	4,935
Nontraffic misdemeanors	614	702	704	527	463
Nontraffic civil infractions	297	952	611	272	374
Fire:					
Emergency responses	5,540	5,799	5,819	5,953	6,080
Fires extinguished	186	154	137	166	147
Inspections	393	1751	1107	948	550
Parks and recreation:					
Recreation programs (estimated)	729	768	782	795	783
Library:					
Circulation (books borrowed)	395,904	388,866	412,284	401,022	366,837
Collection volume	174,029	177,766	158,316	177,320	165,989
Visits: Walk-ins	264,453	287,965	308,638	297,142	259,155
Visits: Website	252,019	272,215	227,856	144,139	148,731
Water:					
New connections	167	102	86	67	70
Water main breaks	13	16	27	15	28
Total consumption (billed - cubic feet)	381,132,096	353,426,861	320,941,837	316,715,587	309,809,655
Average annual consumption per customer (gallons)	69,055	65,953	60,536	59,339	58,442

(I) Information not available

Source: Township Departmental correspondence

Operating Information
Operating Indicators
Last Ten Fiscal Years
(Unaudited)

2012	2013	2014	2015	2016
1,829	1,626	1,062	915	1,019
6,645	5,698	3,391	4,286	4,179
456	497	310	284	724
188	256	315	420	711
10,025	10,502	11,276	11,398	12,104
605	545	542	487	519
959	1038	750	1033	1045
792	814	810	817	612
347,496	316,764	317,510	291,656	279,587
179,022	181,265	188,328	195,377	638,798
235,971	233,477	198,183	183,775	175,120
149,836	148,346	185,378	372,372	194,511
58	67	74	86	91
22	24	45	16	14
320,451,892	275,327,916	258,557,800	267,587,530	288,257,794
58,292	53,714	50,601	50,990	50,212

Charter Township of Waterford

Operating Information Capital Asset Statistics (Unaudited)

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	31	45	51	52	46	49	46	44	44	28
Fire:										
Stations	5	5	5	5	5	10	10	9	9	9
Trucks	15	15	14	14	14	24	27	27	27	27
Parks and recreation:										
Acreage	684	709	714	854	854	854	854	854	854	854
Playgrounds	9	8	8	8	8	8	8	6	3	3
Soccer fields	6	6	6	7	7	7	7	8	8	8
Baseball/Softball diamonds	13	13	13	13	13	13	13	13	13	13
Libraries:										
Branches	2	2	2	1	1	1	1	1	1	1
Water:										
Mains (miles)	350	350	350	350	350	350	350	350	350	350
Fire hydrants	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Storage capacity (millions of gallons)	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
Sewer:										
Miles of sanitary sewers	350	350	350	350	350	350	350	350	350	350

Source: Departmental correspondence