

# **Charter Township of Waterford, Michigan**

## **Annual Comprehensive Financial Report**



**For the Fiscal Year Ended  
December 31, 2021**

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**Charter Township of Waterford**  
Oakland County, Michigan

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**Annual Comprehensive Financial Report  
with Supplemental Information  
December 31, 2021**

**Prepared by the Accounting Department**

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## Introductory Section

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[www.waterfordmi.gov](http://www.waterfordmi.gov)

June 17, 2022

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 Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended December 31, 2021. 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 Annual Report, 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.

## **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 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. It is the 5<sup>th</sup> most populated township in Michigan. 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 nation'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.

According to the SEMCOG 2045 Regional Development Forecast, the major industry sectors within Waterford Township are retail trade; information and financial activities; leisure and hospitality; administrative, support & waste services; healthcare services; education services; and public administration. The industry sectors with highest percentage increase in this forecast are professional and technical services & corporate headquarters and healthcare services. Community leaders recognize that there is significant retail capacity within the region and the Township will aggressively pursue opportunities to revitalize this space and increase employment options over the next five to ten years. Further, the Township has an area wide sewer system which is connected to the Great Lakes Water/Sewer Authority (GLWA) system for treatment. The municipal water system is owned by Waterford and is operated by the Township's Department of Public Works. The Township's water and sewer system can support the economic growth of the community.

Although Waterford is primarily a residential community, several major businesses 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. Retail boat sales have a large presence in the Township because of the numerous lakes. 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. While climbing when compared to 2020, interest rates are considered favorable in 2021 and banks are willing to loan money for home mortgages, which has helped 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 price of available homes appears to be increasing at a significant rate. The recent COVID-19 pandemic has caused major interest in housing opportunities near, and on, plentiful outdoor recreational amenities. The Township is working on fostering these amenities and leveraging the economic potentials of the Township's outdoor recreation assets. In 2021 Waterford issued approximately 74 per cent of the new residential permits compared to 2020; which is still over 5 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 eleven years:

### **Building Permits Issued**

Calendar Year	Single Family Homes	Condominium Units	New Commercial	Total Permits
2021	41	0	7	505
2020	55	0	1	1018
2019	78	0	8	581
2018	81	0	10	616
2017	80	0	5	582
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

## **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.

## **Area Demographics (continued)**

Oakland County private sector employment outperformed the nation, the state and major labor market areas in the state in the last decade. However, both Oakland County and Waterford Township were impacted by the trying economic environment of the nation and the State during the recession. Recovery has been slow and the recent COVID-19 pandemic took a toll on the local economy. With that being said, there are some signs of sustainable employment in the local economy as the monthly unemployment rate for Oakland County remained consistent from year to year being 3.1 per cent reported in April 2020 to 4.7 per cent reported in April 2021. Future job growth will be dependent on the economic recovery efforts at both the state and federal levels in a post pandemic world.

Oakland County has been AAA Bond Rated since the mid-1990s 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 2020 Census, the economic recession has continued to impact Waterford Township. While the County's population has increased 6 percent, Waterford Township experienced a 1.59 percent population decrease between 2010 and 2020. This is consistent with Waterford's population decrease of 2 percent from the 2000 to 2010 period. The County's population remained virtually unchanged between 2000 and 2010, increasing only 0.68 percent. This was the second decade-to-decade population decrease that Waterford has experienced since the 1900 to 1910 period, when Waterford's population decreased 1.3 percent.

## **FINANCIAL INFORMATION**

### **Internal and Budgetary Control**

Township administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Township are protected from loss, theft or misuse and to ensure that adequate accounting data is 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. The annual budget is presented at a Board of Trustees meeting and is adopted in December each

## **Internal and Budgetary Control (continued)**

year by the Board in accordance with the State of Michigan Uniform Budgeting Act, P.A. 621 of 1978, for use and implementation for the subsequent year. The Township's fiscal year is January through December. The budget document is available on the Township's Website.

Budget preparation begins in the summer of each year. Department 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. There are multiple internal and public meetings with various stakeholders and the public to convey information and garner input for the Township's Annual Budget. The Board approves appropriations on a departmental basis, which becomes the legal level of control. An encumbrance system works alongside a purchase order system and a Procurement Policy to ensure that this control is honored. Throughout the fiscal year when amendments to the budget are necessary, they are brought to the Township Board for approval. Amounts appropriated, but not spent by the end of the fiscal year, are re-appropriated by the Board for the subsequent fiscal year.

All internal control evaluations occur within the above framework. The Township Board believes that its 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 uses a multi-year forecasting tool to assist with the long term financial planning process. The Township monitors financial trends and stays in contact with state, county and regional authorities to project major revenue categories including property taxes, state shared revenue, contracts for service and economic development related fees.

There was a dramatic decline in property values due to the economic recession that affected values through 2013. For 2021, property values rose quicker than in the recent past due to inflation and the shortage of available housing. However, the Headlee Amendment continues to dampen property tax revenue increases for the Township. The Covid-19 health pandemic has affected governmental revenues and expenses at all levels of government. As such, the Township is projecting and adjusting its resources and financial plans going forward.

## **Long Term Financial Planning (continued)**

Federal Government allocations from the CARES ACT and ARPA ACT will help insulate the Township and offset the full impact of the public health emergency. The Township Board is currently in the process of appropriating and administering its \$9.2 million allocation of Federal ARPA Act Funding.

The Library millage and a Fire millage will be presented to the voters for renewal in August of 2022. A modest Parks and Recreation Millage request was passed by voters in August of 2014. This dedicated millage helped shore up and sustain non state mandated recreation services that are provided by the Township's Parks and Recreation Department. Public Safety had three millage renewals in 2016. These millage renewals were vital for Waterford's public safety departments to provide essential services. A Police and Fire Special Assessment in 2018 was vital to help maintain these essential services and to help offset the large decreases in property taxes brought about by the 2008 housing devaluation and built-in slow recovery rate of the Headlee Amendment. The Police and Fire SAD also has a portion of this revenue stream that is dedicated for emergency vehicles. Therefore, the public safety fleet is able to recover its operational standing.

Both of Waterford's pension systems, General Employees and Police and Fire, are 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. Additionally, the Township has closed its employer sponsored retiree health care system to all employees. In its place new employees have a defined contribution retiree health care plan. The Township has a Retiree Health Care Trust for its defined benefit plan. The trust is vastly underfunded and will be a challenge for the Township in both the short and near term future. In 2021, the Township Board instituted two major reforms in this area. It also made the largest single year contribution to the Trust and a good year in the market all helped to reduce its unfunded liability by 10-million dollars. The Township gained over 8% in its funded position in 2021. These changes were not easy and involved concessions and education of retirees but allowed the Township to take a major step forward in this legacy cost area. Additional contributions and market-based earnings have helped the Retiree Health Trust's position in the last few years, but more effort and tough choices remain in this area. The Township will be paying close attention to health and pension related expenses. Changes in the 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 implemented the most fiscally conservative option under P.A. 152. The estimated savings were \$1.2 million annually once this option was fully implemented for all employee groups. In 2013, the Township made changes to its retiree health care plan. This change was estimated to save the Township \$350,000 in the first year of

## **Long Term Financial Planning (continued)**

implementation. Subsequently, the Township changed its retiree prescription plan which saved an estimated \$400,000 over previous plan offerings. Volatility in the stock market can 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. The defined contribution plans for new employees are more closely aligned with private-sector benefit offerings and are expected to help the Township with 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 for an individual. A high bond rating is an indication of underlying finances and financial management choices that have been made. A better bond rating is desirable if a municipality decides to issue public debt because a lower interest rate can be obtained. The Township carries no structured bond debt on the governmental side. Bond debt resides on the Water-Sewer/Enterprise Fund side of the fiscal house. Waterford makes an effort, when possible, to pay cash for vehicles, capital projects and regional shared water-sewer projects avoid interest payments.

## **Major Initiatives**

In August of 2018, Waterford Township voters passed a Special Assessment District (SAD) for Public Safety for up to 2.95 mills. This type of special assessment is authorized by Michigan law through Public Act 33 of 1951. The assessment is dedicated to police and fire for equipment, maintenance, personnel and operations and will be instrumental in helping the Township provide public safety in the years to come.

In late 2017, the State of Michigan enacted Public Act 202 titled, Protecting Local Government Retirement and Benefits Act. The act sets standards of fundability for pension and retiree health care systems. Both of the Waterford pension systems exceed the state standards but the retiree health care system did not meet the threshold. Therefore, the Township Board was tasked with developing and submitting a Corrective Action Plan (CAP) to the State of Michigan. At the end of 2021 Waterford was ahead of schedule on its corrective action plan for its retiree health care plan. The State Municipal Stability Board approved the plan and will monitor Waterford's compliance. The Township Board, employees, unions, and the community will need to continue working together to collectively resolve this financial challenge.

## **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 are no policies that have 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 conservative 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.

## **Risk Management**

The Charter Township of Waterford is a member of the Michigan Municipal Risk Management Authority (MMRMA). 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. Waterford has liability coverage of up to \$15,000,000 per occurrence and the self-insured retention is \$50,000 per occurrence. The Township is 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 and has insurance coverage for events that exceed the \$400,000 threshold. Substantial savings are realized by being self-insured but the Township needs to have adequate reserves in the event that loss events occur.

## **Component Units**

Included in the financial statements are three discretely presented component units: Economic Development Corporation (EDC), Brownfield Redevelopment Fund, and Waterford Youth Assistance Corporation. 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 Annual Comprehensive Financial Report. To the best of its knowledge, staff believes the Annual Report information is accurate in all material respects.

## **AWARDS AND RECOGNITIONS**

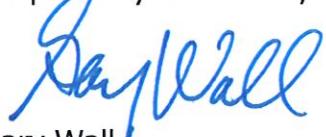
The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Charter Township of Waterford for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2020. This was the sixteenth 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 Annual Comprehensive 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 Annual Comprehensive 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 Annual Comprehensive Financial Report reflects the work and commitment of the staff members of the Supervisor's Office, the Clerk's Office, the 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 Annual Report.

Respectfully submitted,



Gary Wall  
Township Supervisor



Kim Markee  
Township Clerk



Steve Thomas  
Township Treasurer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

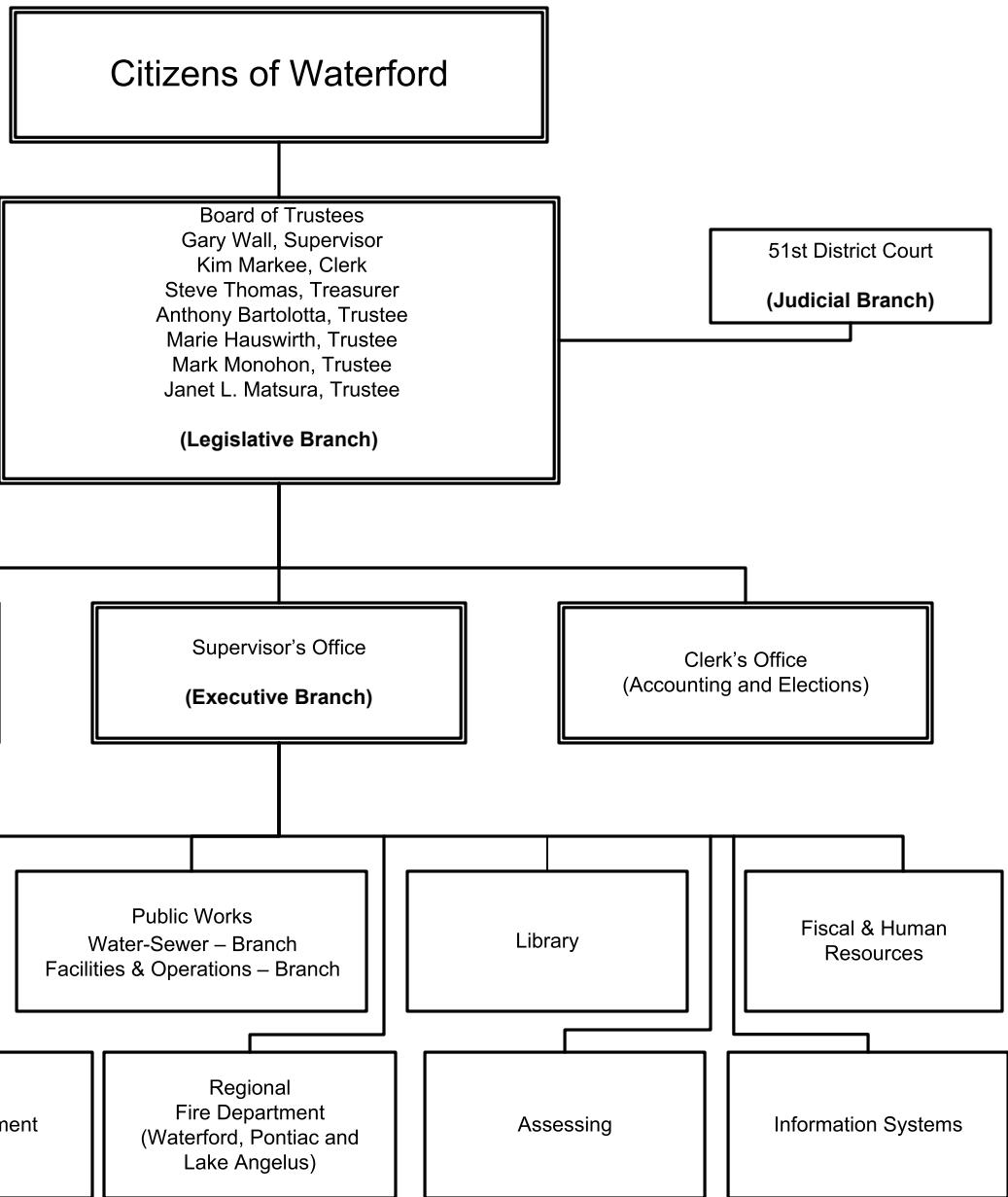
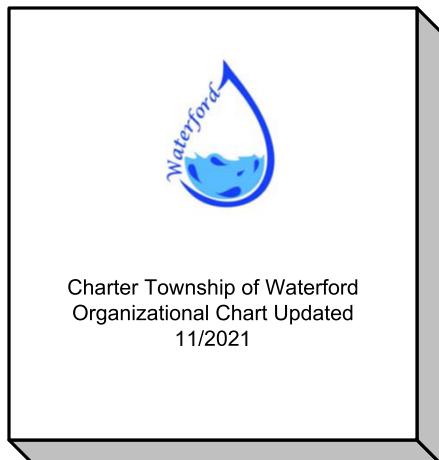
**Charter Township of Waterford  
Michigan**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Monell*

Executive Director/CEO



**Charter Township of Waterford  
List of Principal Officials  
Year Ended December 31, 2021**

**Supervisor's Office**

Supervisor Gary Wall

**Clerk's Office**

Clerk Kim Markee  
Deputy Clerk Kari Vlaeminck  
Accounting Manager Barbara Miller

**Treasurer's Office**

Treasurer Steven Thomas  
Deputy Treasurer Brenda Arnold

**Assessing**

Chief Assessor Paula Moore  
Deputy Assessor Vacant

**Development Services**

Director and CDBG Vacant  
Superintendent of Building Dave Hills  
Superintendent of Planning and Zoning Jeffrey Polkowski

**Fire**

Chief Matthew Covey  
Deputy Chief Carl Wallace

**Fiscal and Human Resources**

Human Resources Director Mark Simlar  
Budget Director Derek Diederich  
Assistant Budget Director Barbara Miller

**Information Systems**

Director Jared Black

**Library**

Director Joan Rogers

**Parks and Recreation**

Director Alison Swanson

<b>Police</b>	
Chief	Scott Underwood
Deputy Chief	Kevin Kazyak
Emergency Management Coordinator	Brendan Brosnan
 <b>Public Works</b>	
Director	Justin Westlake
Administrative Superintendent	Derek Diederich
Engineering Superintendent	Frank Fisher
Water and Sewer – Facilities and	Scott McGrady and
Operations Superintendents	Derek VanDam

**Charter Township of Waterford  
Labor Agreements  
Year Ended December 31, 2021**

<u>Bargaining Unit</u>	<u>Expiration Date</u>	<u>Number of Employees</u>
<b>Michigan Association of Police</b> - Represents police officers and crime scene investigators	12/31/2021	41
<b>Command Officers Association of Michigan</b> - Represents police sergeants and lieutenants	12/31/2021	14
<b>International Association of Firefighters</b> - Represents all firefighting personnel	12/31/2021	101
<b>Michigan Association of Police</b> - Represents dispatchers	12/31/2021	12
<b>Teamsters State, County, and Municipal Workers</b> - Represents clerical, public works employees, building inspectors, and ordinance officers	12/31/2025	109

**Charter Township of Waterford  
Fund Organization Chart**

Fund Name	Fund Number
<b>General Fund</b>	
General	101
Cemetery Care	209
Workers' Compensation	215
<b>Special Revenue Funds</b>	
Fire	206
Police	207
Police Restricted Use	208
Police and Fire Special Assessment	210
Cable Commission	250
Community Development Block Grant	260-263
Michigan Indigent Defense	267
Library	270
Library Donations	271
Parks & Recreation	280
Grant Fund	282
Nature Center	718
<b>Capital Projects Funds</b>	
Improvement Revolving	246
Capital Projects	330
<b>Enterprise Funds</b>	
Water and Sewer	590
<b>Internal Service Funds</b>	
Fire Unemployment Costs	316
Motor Pool	360
<b>Trust and Agency Funds</b>	
Tax Collection	703
District Court - Activity Fund	710
Regular Employee Pension	731
Police and Fire Pension	732
Retiree Health Fund	733
Weed Control and L.I.B.	844-851

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## Financial Section

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## Independent Auditor's Report

To the Board of Trustees  
Charter Township of Waterford

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the 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, 2021 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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 Township as of December 31, 2021 and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Trustees  
Charter Township of Waterford

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***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 is the responsibility of management and, 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.

#### ***Supplemental Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory section and statistical section schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the Board of Trustees  
Charter Township of Waterford

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2022 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

June 17, 2022

### ***Financial Highlights***

The following represent the most significant financial highlights for the year ended December 31, 2021:

- Total 2021 General Fund revenue was \$256,546 above 2020 revenue. The majority of the current year increase was attributable to a one-time adjustment from the Charter Township of Waterford's (the "Township") general liability carrier and an uptick in state-shared revenue. Property taxes continued to be the largest source of revenue. They were 38.30 percent of all General Fund revenue. Going forward, property tax revenue is expected to produce modest increases due to the limitations of the Headlee Amendment, which limits taxable property values to increases at 5 percent or the rate of inflation, whichever is smaller.
- State-shared revenue and grants, despite dramatic cuts over the past 10 to 15 years, remain an important source of the Charter Township of Waterford's revenue. During the Township's 2021 fiscal year, state revenue sources increased by \$1,099,936 compared to 2020. State revenue sharing was only \$206,996 above the amount received in 2001. The reader should note that these numbers are not adjusted for inflation and that time has eroded the magnitude of this revenue source. In real terms, when adjusting for inflation, the amount received in 2021 would be over \$4 million lower than 2001. The State has continued to divest itself from local governments when looking at longer trends.
- Revenue from district court fees and fines increased by \$136,733 in 2021 compared to 2020. This was \$465,628 lower than 2010 without adjusting for inflation.
- General Fund expenditures and operating transfers out for fiscal year 2021 were more than 2020, increasing by \$1,012,716. The General Fund's largest expenditures are transfers to public safety. In 2021, the General Fund transferred \$6,092,000 to public safety (police and fire).
- The unassigned General Fund fund balance at year end was \$11,867,889. During fiscal year 2021, the General Fund unassigned fund balance increased by \$976,464. The December 31, 2021 unassigned fund balance for the General Fund was 58.59 percent of total 2021 General Fund expenses, including transfers. Our bare minimum fund balance target is 15 percent, though bond agencies and many analysts prefer 20 to 30 percent or higher as a sign of a financially healthy municipality; this cash position should be tempered with a community's longer-range outlook, debt ratio and unfunded long-term liabilities, and deferred maintenance challenges. All of these concepts play a role in the Township's financial overview.
- The Police Fund fund balance increased by \$99,962 in fiscal year 2021. It should be noted that the Police Fund now participates in the 330 Capital Project Allocation Fund had a transfer deposit of \$250,000 in 2021. This is a planning tool used for future capital project expenses. The Police Fund fund balance at December 31, 2021 is \$3,668,074, or 23.93 percent of annual expenses and transfers out.
- The Fire Fund fund balance increased by \$499,026 in fiscal year 2021. In 2009, the fire department began EMS 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 of the 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 Staffing for Adequate Fire and Emergency Response Grant from the federal government. The Township's 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, 2021 was \$4,011,693, or 19.30 percent of annual expenses and transfers out.

# Charter Township of Waterford

## Management's Discussion and Analysis (Continued)

### ***Using This Annual Report***

This annual report consists of a series of financial statements. The statement of net 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 and how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

### ***The Township's Net Position***

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current and other assets	\$ 98,321,140	\$ 79,809,248	\$ 39,956,038	\$ 38,400,684	\$ 138,277,178	\$ 118,209,932
Capital assets	52,629,567	51,404,908	105,535,670	106,666,567	158,165,237	158,071,475
Total assets	150,950,707	131,214,156	145,491,708	145,067,251	296,442,415	276,281,407
<b>Deferred Outflows of Resources</b>						
	2,877,177	1,527,546	291,659	179,351	3,168,836	1,706,897
<b>Liabilities</b>						
Current liabilities	7,975,826	2,920,510	1,365,555	1,446,182	9,341,381	4,366,692
Noncurrent liabilities	98,867,128	124,394,256	44,847,725	49,769,577	143,714,853	174,163,833
Total liabilities	106,842,954	127,314,766	46,213,280	51,215,759	153,056,234	178,530,525
<b>Deferred Inflows of Resources</b>						
	72,340,709	56,123,870	6,279,945	4,335,403	78,620,654	60,459,273
<b>Net Position (Deficit)</b>						
Net investment in capital assets	52,629,567	51,139,451	79,466,052	73,861,071	132,095,619	125,000,522
Restricted	4,668,478	4,779,142	386,799	6,253,705	5,055,277	11,032,847
Unrestricted	(82,653,824)	(106,615,527)	13,437,291	9,580,664	(69,216,533)	(97,034,863)
Total net position (deficit)	<b>\$ (25,355,779)</b>	<b>\$ (50,696,934)</b>	<b>\$ 93,290,142</b>	<b>\$ 89,695,440</b>	<b>\$ 67,934,363</b>	<b>\$ 38,998,506</b>

There was a significantly large decrease in net position in 2018 and beyond due to an accounting standard change known as GASB 75 that requires recording other postemployment benefit (OPEB) funding levels. While the Township has traditionally paid for this benefit expense on a pay-as-you-go basis, the value of the funding level and measurement of the future promise, as determined by actuaries, are now required to be included in the Township's financial statements. The Township's combined net position increased in 2021. The governmental activities net position increased by \$25,341,155 from the prior year.

The Township finalized its obligation for the debt associated with the 1998-1999 construction of the police and fire buildings. The 20-year bond for this construction was paid off in 2018. In 2021, the Township paid off its final debt payment for the 2003 water and sewer system rehabilitation projects and the 2005 capital improvement debt. The governmental activities have no structured bond debt obligations at the end of 2021. This underscores the low level of construction debt utilized by the Township within the governmental funds category.

The following table shows the Township's major revenue and expenses as a whole for both the governmental and business-type activities. 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 for 2021 increased by \$35,577 from the 2020 fiscal year. The primary reason for this change was the charges for services category, along with a modest increase in property taxes.

## Charter Township of Waterford

### Management's Discussion and Analysis (Continued)

Governmental expenses were down \$9,240,619 in 2021. This change was primarily due to how the Township's other postemployment liabilities changed from 2020 to 2021. These unfunded liabilities primarily come from the retiree health care system. In 2021, the OPEB liability went down, and the assets went up. This is an item that can fluctuate year to year based on market returns, trust contributions, and any significant changes in the unfunded liabilities.

In the business-type activities (Water and Sewer Fund), revenue decreased by \$1,514,635 in 2021. This was due to the charges for services category. The Water and Sewer Fund also paid \$9,121,560 in 2021 for sewer disposal services to the Water Resource Commissioner's Office (WRC). The Water and Sewer Fund has more proportional debt share coming from the Clinton Oakland Sewer System and the Oakland-Macomb Inceptor District in the future related to deferred maintenance and would like to be able to prepay some of the upcoming debt, if possible, to help ratepayers save on long-term interest charges.

#### The Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 14,219,894	\$ 12,694,780	\$ 24,598,873	\$ 25,273,736	\$ 38,818,767	\$ 37,968,516
Operating grants	1,853,478	5,345,093	-	-	1,853,478	5,345,093
Capital grants	-	100	705,443	874,883	705,443	874,983
General revenue:						
Property taxes	30,940,036	29,685,147	-	-	30,940,036	29,685,147
Intergovernmental	7,896,046	6,796,110	-	-	7,896,046	6,796,110
Investment earnings (loss)	344,527	636,814	(141,600)	520,139	202,927	1,156,953
Other revenue	1,598,710	1,659,070	-	8,593	1,598,710	1,667,663
Total revenue	56,852,691	56,817,114	25,162,716	26,677,351	82,015,407	83,494,465
<b>Expenses</b>						
General government	(1,922,889)	2,654,531	-	-	(1,922,889)	2,654,531
District court	2,022,200	2,230,009	-	-	2,022,200	2,230,009
Public safety:						
Police	8,972,525	11,419,879	-	-	8,972,525	11,419,879
Fire	15,378,060	17,412,190	-	-	15,378,060	17,412,190
Building inspection	1,366,187	1,181,691	-	-	1,366,187	1,181,691
Public works	835,880	671,591	-	-	835,880	671,591
Community and economic development	1,692,262	1,704,205	-	-	1,692,262	1,704,205
Recreation and culture	3,161,179	3,467,112	-	-	3,161,179	3,467,112
Interest on long-term debt	6,132	10,947	-	-	6,132	10,947
Water and sewer	-	-	21,568,014	20,672,535	21,568,014	20,672,535
Total expenses	31,511,536	40,752,155	21,568,014	20,672,535	53,079,550	61,424,690
<b>Change in Net Position</b>						
	25,341,155	16,064,959	3,594,702	6,004,816	28,935,857	22,069,775
Net Position (Deficit) - Beginning of year	(50,696,934)	(66,761,893)	89,695,440	83,690,624	38,998,506	16,928,731
Net Position (Deficit) - End of year	<b>\$ (25,355,779)</b>	<b>\$ (50,696,934)</b>	<b>\$ 93,290,142</b>	<b>\$ 89,695,440</b>	<b>\$ 67,934,363</b>	<b>\$ 38,998,506</b>

#### **Financial Analysis of Individual 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 2021 include the General Fund, the Police Fund, the Fire Fund, and the Police and Fire Special Assessment District Fund. The Township's major business-type fund consists of the Water and Sewer Fund.

## Charter Township of Waterford

### Management's Discussion and Analysis (Continued)

#### **General Fund**

The General Fund pays for most of the Township's governmental services. The two largest services funded by the General Fund are the Police Fund and Fire Fund. The General Fund transferred \$5.5 million to the Police Fund and \$557,000 to the Fire Fund in 2021.

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, such as tax collections, assessing, elections, and the court.

The Township's General Fund year-end fund balance is \$17,617,678, of which \$11,867,889 is unassigned. The total of \$17,617,678 represents 86.96 percent of 2021's annual expenditures, including net transfers to other funds. Due to an accounting rule change, the Workers' Compensation Fund and the Cemetery Care Fund were moved into the General Fund in 2011. When adjusting for the Budget Stabilization Fund amount of \$3,775,811, as well as the Workers' Compensation Fund amount of \$1,039,286 and the Cemetery Care Fund amount of \$742,858, the General Fund's fund balance at year end represented 58.53 percent of its annual expenditures, including transfers, in 2021. This second type of measurement is one that township planners believe is a more realistic representation of the General Fund's available balance. The Workers' Compensation Fund and Cemetery Care Fund are set aside for specific purposes. This also excludes \$3,775,811 in the Budget Stabilization Fund, which was created in 2013. These funds were committed by the township board for future unforeseen events. A minimum unassigned fund balance to annual expenditures ratio of 20 to 30 percent is recommended by bond rating agencies and by the Township's financial consultants. It should also be stated that cash position and liquidity are only two pieces 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 \$5.5 million from the Township's General Fund and an additional \$6,725,769 in dedicated millage revenue for 2021, a modest overall increase from 2020. Most recently, the police department received \$2,578,181 from the Police and Fire Special Assessment District in 2021. The department receives a small amount of revenue from fees, grants, and interest on investments.

Overall, for fiscal year 2021, the Police Fund fund balance increased by \$99,962. It should be noted that, in 2021, the township board authorized a \$250,000 allocation to the police department's Capital Project Fund, a move that will make future capital projects more feasible.

#### **Fire Fund**

The Fire Fund covers the operations of fire prevention, suppression, and emergency medical services. In 2021, the department received \$557,000 from the General Fund and approximately \$5.89 million from dedicated millages. In February 2012, the Charter Township of Waterford began a contract with the City of Pontiac, Michigan to offer fire protection service for the city. The contract was for 10 years and started at \$6.2 million per year. The contract was extended for 1 year in 2021, and discussions with the City regarding future arrangements are ongoing. Most recently, the fire department received \$3,917,253 from the Police and Fire Special Assessment District in 2021. The Fire Fund's fund balance increased by \$499,026 in 2021. It should be noted that, in 2021, the township board authorized a \$1,040,000 allocation to the fire department's Capital Project Fund. The Fire Fund's fund balance is at 20.32 percent of annual expenditures.

## Charter Township of Waterford

### Management's Discussion and Analysis (Continued)

#### **Water and Sewer Fund**

The Water and Sewer Fund continues to maintain a reasonable amount of working capital. 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-in-interest loan programs to augment system capital improvements. Water rates remain reasonable 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, Michigan 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 these capital improvements and to address some Waterford capital improvements. The Township, like other suburban customers along with Oakland County, Michigan, routinely monitors the pending changes at the Great Lakes Water Authority. In 2019, the fund prepaid almost \$907,815 in Oakland-Macomb Interceptor (OMI) allocated expense. This move saved ratepayers an estimated \$38,041 in interest over the life of the proposed amortization schedules. In 2020, the Water and Sewer Fund prepaid \$2 million of its apportioned \$6.397 million. This saved an estimated \$515,000 in interest over the life of the debt issuance. In 2021, the Water and Sewer Fund paid off early a 2003 Debt Combined Issuance with the general Fund that saved ratepayers an estimated \$30,750 in interest. 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 multimillion 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.

Reductions in staffing through attrition and early retirement incentives have reduced labor costs. In 2021, the Water and Sewer Fund was staffed at 44 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 Department of Public Works (DPW) continues to look for grants and low-interest loans to fund capital improvements. The DPW was awarded a Drinking Water Revolving Fund (DWRF) loan 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 United States Environmental Protection Agency (EPA). This great news meant savings of almost 40 percent to the Waterford water ratepaying customer. In 2015, the Water and Sewer Fund paid off nearly \$2.7 million of its Oakland-Macomb Interceptor debt and saved nearly \$870,000 in long-term interest, more good news for the Waterford sewer customer. A similar move was conducted in 2017 when \$1.5 million was partially prepaid on an Oakland County Water Resources Commissioner (WRC) debt. This is estimated to save \$378,000 in interest over the life of the loan. When possible, township planners make efforts to avoid any undue interest costs while keeping in mind a healthy capital reserve goal. The Water and Sewer Fund was awarded a SAW (Storm, Asset, and Wastewater) Grant for nearly \$1 million. The Township was required to pay only 10 percent of this grant award. The report is now complete and will be used as a guide to allocate resources for future capital improvements. Sewer rates were recently adjusted in the first quarter of 2021, which will help aid in addressing some deferred maintenance related to Waterford Township's sewer assets. Water rates were adjusted in 2018 to help begin a water main and other asset replacement/rehabilitation program, as well as facilitate water treatment plant media replacement in the coming years. This will help keep the quality and integrity of the water system a high priority.

## Charter Township of Waterford

### Management's Discussion and Analysis (Continued)

#### ***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, in recent years. State, county, and regional analysis indicates that property values will modestly increase in 2022 and 2023. The Headlee Amendment will 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 recovery of lost property tax revenue seems likely in the short run.

Building activity in the Township is focused primarily on redevelopment, allowing limited growth in taxable values. For 2021, construction activity rebounded from the COVID-19 pandemic impacts. Looking forward, construction activity is recovering and expected to increase somewhat. When adjusting for fire employees hired for Pontiac fire service, the Township is at early 1980s employment levels for 2021. Any new positions or changes to service levels in the short to intermediate range would likely need to come by way of a new revenue question put before the voters. To that end, in May 2018, a Police and Fire Special Assessment District (SAD) was placed before the Waterford voters for a maximum of 2.95 mills with a length of 12 years. The voters passed this ballot question. This revenue component accounted for \$6,526,565 for 2021. This initiative helped add and maintain services and staff to the police and fire departments and fund public safety vehicle and equipment replacements and will continue to do so.

Within these governmental funds, the General Fund is the most significant to understanding the Township's financial activities. In addition, the Water and Sewer Fund is a significant enterprise activity for the Township.

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

There was an increase in governmental capital assets of \$1,224,659 net of depreciation. Disposal of assets, disposal of excess equipment, and capital asset acquisition occurred throughout 2021 as well. Detailed information on the Township's capital assets can be found in Note 4.

In business-type activities, the Township saw a net decrease of \$1,130,897 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 350 miles of water and sewer mains, as well as numerous water and sewer pump stations, but also underscore the need for continued investment in a large enterprise fund with many assets.

The Township did not issue any construction or vehicle debt for governmental activities in 2021. The Township has been purchasing vehicles via cash for police, fire, parks and recreation, water and sewer, and facilities and operations in recent years. The Township paid off its LED installment lighting obligation in 2018. This both reduced debt on the books and saved on long-term interest. The Township continues to have no structured bond debt in the governmental portion on its operations.

In 2021, there was a decrease of \$2,872,035 of debt in the business-type (water and sewer) category. The reader should keep in mind that the Township has been notified that its share of "downstream" debt in the coming years related to the Clinton Oakland Sewer System and the Oakland-Macomb Interceptor District could be several million dollars related to multiple projects. The Township relies on these agencies for sewer conveyance, treatment, and disposal. The "downstream" deferred maintenance is large, and the Township's share as a member community is significant as well. When possible, planners attempt to prepay at least some of these debt issuances, which will save ratepayers long-term interest. When looking at the \$2,251,524 of debt that is due within one year in Note 6, it could be stated that this portion alone amounts to approximately 10 percent of the Water and Sewer Fund's resources each year.

## Charter Township of Waterford

### Management's Discussion and Analysis (Continued)

The Township reduced its general obligation, tax-supported, and installment debt by \$265,457 in fiscal year 2021. The Township has no general government debt as of the end of 2021. The debt associated with the 1998 construction of the police and fire headquarter buildings was paid off in 2018. The 0.65 mills associated with the debt retirement of the two public safety buildings reduced the tax burden of the township taxpayers. The Township currently maintains no building and construction-related debt in its governmental funds. The reader should keep in mind that the Township owns and operates many structures, and some are nearing the end of their useful lives. In the future, deferred maintenance will need to be confronted to maintain the high level of service to the community.

Detailed information on the Township's debt can be found in the statistical section of this report, in the debt capacity schedule, in the direct and overlapping debt schedule, and in Note 6.

#### **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 affect 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 resulted in a loss of building inspection and licensing fees for those years. In 2016, 2017, 2018, 2019, and 2021, building activity saw an uptick. For 2020, the COVID-19 pandemic caused a temporary decline in this area, but the local economy seems to be showing signs of resiliency during 2022 thus far. Unemployment is expected to improve, which is a positive. Sales tax, which is the source of state revenue sharing, has traditionally been the Township's second largest source of revenue. The Township has seen small upticks in revenue sharing from the State in the last couple of years; however, in this category, the Township remains at decade-low levels of support from the State.

Since the beginning of the COVID-19 pandemic, the local economy has seen some improvement, with unemployment declining and housing prices starting to steadily increase. The changes brought about by the COVID-19 pandemic seem to be more temporary in nature. 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 are recovering from the pandemic. However, sales studies are based on prior year sales, which results in a lag the improving market. The Headlee Amendment limits increases in property tax revenue to 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. The reader/taxpayer can see this in practical terms on his or her respective tax statements when looking at the assessed value and comparing it to an often much smaller taxable value. It is the taxable value that is used to derive property tax bills.

The Township's defined benefit programs (pensions and retiree health care) are completely closed to new entrants. The pension systems have a strong funded position, while the retiree health trust is below the State's standard, as designated by Public Act 202 of 2017. The Township was required to develop a corrective action plan (CAP) and continues to address this legacy cost component. In 2021, the township board initiated two major retiree health care reforms. Combined, these two significant measures removed \$10 million in unfunded liabilities from the books. In the short run, this also helped cash flow in this category, which can be deposited into the retiree health care trust with the goal of leveraging compound interest to help the Township reach its funded goal. The board will need to address the funded position of the retiree health care trust in the coming years, but 2021 saw a strong step forward in this area.

The United States and State of Michigan declared a state of emergency in March 2020 due to the global coronavirus (COVID-19) pandemic. The Township saw reductions in EMS fees, district court fines and fees, and parks and recreation activity fees. The Township has also incurred additional expenses because of the pandemic. In response, the Township furloughed some employees and implemented a work share program. Some capital projects were delayed. The Township did receive \$2.349 million in CARES Act funding and is scheduled to receive an estimated \$9.3 million in American Rescue Plan Act (ARPA) funding in 2021 and 2022. These federal programs helped offset losses and will help address financial issues in the short run. In 2021, the Township saw most of the areas initially impacted by the pandemic recover.

## Charter Township of Waterford

### Management's Discussion and Analysis (Continued)

State funding priorities continue to shift funding away from local governments in order to maintain state services. The State of Michigan has deferred maintenance in its own capital asset categories, most notably the public road system. The Township received \$206,996 more from the State of Michigan in revenue sharing in 2021 than it did in 2001, without adjusting for inflation. When adjusting for inflation there would be a cumulative reduction estimated to be slightly over \$4 million. The overall trend of the State divesting itself in local government through the years continues.

#### ***Legacy Benefits and Reforms***

Public Act 202 of 2017, titled Protecting Local Government Retirement Benefits Act, had standards and requirements that the Township needed to address. Pensions are required to be 60 percent funded, and the Township's two closed systems meet and exceed that standard. The retiree health care fund needs to be 40 percent funded, and the Township's plan does not meet that standard. Therefore, the Township was required to submit a corrective action plan. The Township was notified in May 2019 that its CAP was approved. While this is good news and reflects a lot of hard work from staff, board members, and consultants, the CAP shows that the Township will continue to have a large issue to address. Many changes have already been implemented: closing pension systems and replacing them with 401(k)-type plans for new hires, closing the employer-sponsored retiree health care benefit to all employee groups, reforming health care for current employees to conform with PA 152 of 2011, adjusting programs of current retirees, and attempting to put more away in the Township's health trust to garner market-based earnings. Department consolidations, excess property sales, and staff reductions have also taken place. Much has been done, but more will be needed, and a combined team effort from all stakeholders will be required. In 2021, the township board instituted two major reforms in the retiree health care space. These reforms removed \$10 million in unfunded liability off the books and freed up cash flow to be invested into the trust to help the Township meet its funding goal.

#### ***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 offer a third-party view of 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 a 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 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 health care trust but noted that it is severely underfunded and views this as an intermediate- and long-term issue that will have to be overcome. Since then, the Township's short-term liquidity has improved, and its retiree health care trust has undergone some major reforms that reduced the unfunded liability off its books and embraced its need to fully address this legacy cost issue.

#### ***Requests for Further Information***

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 financial report, the Township's budgets, pension actuary reports, and other financial information are available on the Township's website at [www.waterfordmi.gov](http://www.waterfordmi.gov) under the fiscal and 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.

The Township maintains a Citizen's Guide to Local Government Finances on its website, which is also located at [www.waterfordmi.gov](http://www.waterfordmi.gov). This is another tool to help citizens and interested parties understand where taxes and fees are directed and utilized.

# Charter Township of Waterford

## Statement of Net Position

December 31, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 66,573,649	\$ 22,292,113	\$ 88,865,762	\$ 270,131
Receivables:				
Property taxes receivable	13,908,426	-	13,908,426	5,437
Special assessments receivable	209,396	168,217	377,613	-
Customer receivables	-	8,472,539	8,472,539	-
Accrued interest receivable	50,000	14,408	64,408	-
Due from other governments	1,860,437	-	1,860,437	-
Rehabilitation loan receivable	1,150,259	-	1,150,259	-
Other receivables	111,874	-	111,874	-
Inventory	79,365	-	79,365	-
Prepaid items	716,358	-	716,358	-
Restricted assets	-	4,250,642	4,250,642	-
Net pension asset (Note 7)	13,661,376	4,758,119	18,419,495	-
Capital assets: (Note 4)				
Assets not subject to depreciation	26,990,570	11,120,292	38,110,862	-
Assets subject to depreciation - Net	25,638,997	94,415,378	120,054,375	-
Total assets	150,950,707	145,491,708	296,442,415	275,568
<b>Deferred Outflows of Resources</b>				
Deferred pension costs (Note 7)	2,506,354	235,424	2,741,778	-
Deferred OPEB costs (Note 8)	370,823	56,235	427,058	-
Total deferred outflows of resources	2,877,177	291,659	3,168,836	-
<b>Liabilities</b>				
Accounts payable	783,970	1,079,246	1,863,216	23
Refundable deposits, bonds, etc.	1,068,090	-	1,068,090	-
Accrued liabilities and other	1,326,510	286,309	1,612,819	-
Unearned revenue	4,797,256	-	4,797,256	-
Noncurrent liabilities:				
Due within one year: (Note 6)				
Compensated absences	2,516,398	293,297	2,809,695	-
Provision for claims	487,215	60,452	547,667	-
Current portion of long-term debt	-	2,251,524	2,251,524	-
Due in more than one year: (Note 6)				
Compensated absences	107,583	96,466	204,049	-
Provision for claims	245,085	17,659	262,744	-
Accrued liabilities	248,924	-	248,924	-
Long-term debt	-	27,681,937	27,681,937	-
Net OPEB liability (Note 8)	95,261,923	14,446,390	109,708,313	-
Total liabilities	106,842,954	46,213,280	153,056,234	23
<b>Deferred Inflows of Resources</b>				
Property taxes levied for the following year	32,184,670	-	32,184,670	21,792
Deferred pension cost reductions (Note 7)	23,656,086	3,777,741	27,433,827	-
Deferred OPEB cost reductions (Note 8)	16,499,953	2,502,204	19,002,157	-
Total deferred inflows of resources	72,340,709	6,279,945	78,620,654	21,792

## Charter Township of Waterford

### Statement of Net Position (Continued)

December 31, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Net Position (Deficit)</b>				
Net investment in capital assets	\$ 52,629,567	\$ 79,466,052	\$ 132,095,619	\$ -
Restricted:				
Police	650,106	-	650,106	-
Police and fire	95,889	-	95,889	-
Community development	1,602,826	-	1,602,826	-
Library	1,643,539	-	1,643,539	-
Nature center	575,699	-	575,699	-
Capital projects	-	386,799	386,799	-
Indigent defense	100,419	-	100,419	-
Unrestricted	(82,653,824)	13,437,291	(69,216,533)	253,753
Total net position (deficit)	<b>\$ (25,355,779)</b>	<b>\$ 93,290,142</b>	<b>\$ 67,934,363</b>	<b>\$ 253,753</b>

## Charter Township of Waterford

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		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Primary government:				
Governmental activities:				
General government	\$ (1,922,889)	\$ 928,228	\$ 42,497	\$ -
District court	2,022,200	922,189	304,877	-
Public safety:				
Police	8,972,525	102,285	224,792	-
Fire	15,378,060	10,451,719	-	-
Building inspections and related	1,366,187	801,177	-	-
Public works	835,880	108,158	-	-
Community and economic development	1,692,262	412,847	848,718	-
Recreation and culture	3,161,179	493,291	432,594	-
Interest on long-term debt	6,132	-	-	-
Total governmental activities	31,511,536	14,219,894	1,853,478	-
Business-type activities - Enterprise Fund				
- Water and Sewer Fund	21,568,014	24,598,873	-	705,443
Total primary government	<b>\$ 53,079,550</b>	<b>\$ 38,818,767</b>	<b>\$ 1,853,478</b>	<b>\$ 705,443</b>
Component units:				
Waterford Youth Assistance Corporation	\$ 19,359	\$ 4,206	\$ 26,440	\$ -
Brownfield Redevelopment Authority	8,927	-	-	-
Total component units	<b>\$ 28,286</b>	<b>\$ 4,206</b>	<b>\$ 26,440</b>	<b>\$ -</b>
General revenue:				
Property taxes				
Unrestricted state-shared revenue				
Unrestricted investment income (loss)				
Unrestricted cable franchise fees				
Gain on sale of capital assets				
Other miscellaneous income				
Total general revenue				

### Change in Net Position

**Net Position (Deficit) - Beginning of year**

**Net Position (Deficit) - End of year**

## Statement of Activities

**Year Ended December 31, 2021**

<u>Primary Government</u>			
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
\$ 2,893,614	\$ -	\$ 2,893,614	\$ -
(795,134)	-	(795,134)	-
(8,645,448)	-	(8,645,448)	-
(4,926,341)	-	(4,926,341)	-
(565,010)	-	(565,010)	-
(727,722)	-	(727,722)	-
(430,697)	-	(430,697)	-
(2,235,294)	-	(2,235,294)	-
(6,132)	-	(6,132)	-
(15,438,164)	-	(15,438,164)	-
 - 3,736,302	 3,736,302	 3,736,302	 -
(15,438,164)	3,736,302	(11,701,862)	-
 - - -	 - - -	 - - -	 11,287
 - - -	 - - -	 - - -	 (8,927)
 - - -	 - - -	 - - -	 2,360
30,940,036	-	30,940,036	25,203
7,896,046	-	7,896,046	-
344,527	(141,600)	202,927	1,207
1,103,363	-	1,103,363	-
16,096	-	16,096	-
479,251	-	479,251	-
 40,779,319	 (141,600)	 40,637,719	 26,410
25,341,155	3,594,702	28,935,857	28,770
 (50,696,934)	 89,695,440	 38,998,506	 224,983
 <u>\$ (25,355,779)</u>	 <u>\$ 93,290,142</u>	 <u>\$ 67,934,363</u>	 <u>\$ 253,753</u>

# Charter Township of Waterford

## Governmental Funds Balance Sheet

December 31, 2021

	General Fund	Police Fund	Fire Fund	Police and Fire Special Assessment District Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 22,761,771	\$ 7,954,368	\$ 8,187,144	\$ 3,868,227	\$ 23,342,531	\$ 66,114,041
Receivables:						
Property taxes receivable	3,976,941	3,073,285	2,695,851	2,715,389	1,446,960	13,908,426
Special assessments receivable	186,089	-	-	-	23,307	209,396
Accrued interest receivable	50,000	-	-	-	-	50,000
Due from other governments	1,372,387	29,224	24,533	-	434,293	1,860,437
Rehabilitation loan receivable	-	-	-	-	1,150,259	1,150,259
Other receivables	111,874	-	-	-	-	111,874
Prepaid items	191,834	-	20,500	-	504,024	716,358
<b>Total assets</b>	<b>\$ 28,650,896</b>	<b>\$ 11,056,877</b>	<b>\$ 10,928,028</b>	<b>\$ 6,583,616</b>	<b>\$ 26,901,374</b>	<b>\$ 84,120,791</b>
<b>Liabilities</b>						
Accounts payable	\$ 274,810	\$ 140,732	\$ 225,668	\$ -	\$ 113,207	\$ 754,417
Refundable deposits, bonds, etc.	952,558	1,960	-	-	113,572	1,068,090
Accrued liabilities and other	299,948	298,527	607,413	1,409	119,213	1,326,510
Unearned revenue	-	-	-	-	4,797,256	4,797,256
<b>Total liabilities</b>	<b>1,527,316</b>	<b>441,219</b>	<b>833,081</b>	<b>1,409</b>	<b>5,143,248</b>	<b>7,946,273</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	92,593	-	-	-	1,596,216	1,688,809
Property taxes levied for the following year	9,413,309	6,947,584	6,083,254	6,486,318	3,254,205	32,184,670
<b>Total deferred inflows of resources</b>	<b>9,505,902</b>	<b>6,947,584</b>	<b>6,083,254</b>	<b>6,486,318</b>	<b>4,850,421</b>	<b>33,873,479</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>11,033,218</b>	<b>7,388,803</b>	<b>6,916,335</b>	<b>6,487,727</b>	<b>9,993,669</b>	<b>41,819,752</b>

## Charter Township of Waterford

### Governmental Funds Balance Sheet (Continued)

December 31, 2021

	General Fund	Police Fund	Fire Fund	Police and Fire Special Assessment District Fund	Nonmajor Funds	Total Governmental Funds
<b>Fund Balances</b>						
Nonspendable - Prepays	\$ 191,834	\$ -	\$ 20,500	\$ -	\$ 504,024	\$ 716,358
Restricted:						
Police	-	-	-	-	650,106	650,106
Police and fire	-	-	-	95,889	-	95,889
Community development	-	-	-	-	31,397	31,397
Library	-	-	-	-	1,643,539	1,643,539
Nature center	-	-	-	-	575,699	575,699
Michigan indigent defense	-	-	-	-	100,419	100,419
Committed:						
Cemetery care	742,858	-	-	-	-	742,858
Workers' compensation	1,039,286	-	-	-	-	1,039,286
Budget stabilization	3,775,811	-	-	-	-	3,775,811
Capital projects - Police	-	-	-	-	1,816,408	1,816,408
Capital projects - General	-	-	-	-	1,246,474	1,246,474
Capital projects - Fire	-	-	-	-	2,766,469	2,766,469
Capital projects - Parks and recreation	-	-	-	-	302,513	302,513
Assigned:						
Fiscal recovery	-	-	-	-	11,856	11,856
Cable-related projects	-	-	-	-	864,693	864,693
Police	-	3,668,074	-	-	-	3,668,074
Fire	-	-	3,991,193	-	-	3,991,193
Community development	-	-	-	-	200,000	200,000
Capital projects - Improvement revolving fund	-	-	-	-	4,839,357	4,839,357
Parks and recreation	-	-	-	-	1,354,751	1,354,751
Unassigned	11,867,889	-	-	-	-	11,867,889
Total fund balances	17,617,678	3,668,074	4,011,693	95,889	16,907,705	42,301,039
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 28,650,896</u>	<u>\$ 11,056,877</u>	<u>\$ 10,928,028</u>	<u>\$ 6,583,616</u>	<u>\$ 26,901,374</u>	<u>\$ 84,120,791</u>

## Charter Township of Waterford

### Governmental Funds

### Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2021

Fund Balances Reported in Governmental Funds	\$ 42,301,039
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	52,310,808
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	1,688,809
Some employee fringe benefits 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:	
Employee compensated absences	(2,623,981)
Pension benefits and related deferrals	(7,488,356)
Retiree health care benefits and related deferrals	(111,391,053)
Other long-term liabilities, such as claims and judgments, do not present a claim on current financial resources and are not reported as fund liabilities	(732,300)
Internal service funds are included as part of governmental activities	579,255
<b>Net Position (Deficit) of Governmental Activities</b>	<b>\$ (25,355,779)</b>

# Charter Township of Waterford

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2021

	General Fund	Police Fund	Fire Fund	Police and Fire Special Assessment District Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>						
Property taxes	\$ 8,657,224	\$ 6,725,769	\$ 5,888,963	\$ 6,526,565	\$ 3,150,403	\$ 30,948,924
Special assessments	-	-	-	-	16,146	16,146
Intergovernmental:						
Federal grants	18,786	151,740	275,661	-	617,313	1,063,500
State sources	8,029,984	28,018	24,533	-	361,480	8,444,015
Charges for services	1,297,749	36,912	10,437,130	-	610,204	12,381,995
Fines and forfeitures	1,285,777	65,373	-	-	139,429	1,490,579
Licenses and permits	812,857	44,207	-	-	44,173	901,237
Investment income	625,983	48,904	49,953	14,557	107,701	847,098
Other revenue:						
Local contributions	-	-	-	-	14,728	14,728
Other miscellaneous income	77,721	212,690	106,738	-	77,994	475,143
Cable franchise fees	981,993	-	-	-	121,370	1,103,363
Refunds and reimbursements	813,390	-	14,719	-	-	828,109
Total revenue	22,601,464	7,313,613	16,797,697	6,541,122	5,260,941	58,514,837
<b>Expenditures</b>						
Current services:						
General government	6,130,127	-	-	-	463,015	6,593,142
District court	2,623,970	-	-	-	-	2,623,970
Public safety:						
Police	31,272	14,660,183	-	-	290,359	14,981,814
Fire	-	-	19,216,396	-	-	19,216,396
Building inspection	1,362,625	-	-	-	-	1,362,625
Public works	-	-	-	-	32,882	32,882
Community and economic development	1,441,292	-	-	-	858,359	2,299,651
Recreation and culture	-	-	-	-	3,740,494	3,740,494
Capital outlay	223,211	420,866	525,847	-	2,520,220	3,690,144
Debt service	272,711	-	-	-	-	272,711
Total expenditures	12,085,208	15,081,049	19,742,243	-	7,905,329	54,813,829
<b>Excess of Revenue Over (Under) Expenditures</b>						
	10,516,256	(7,767,436)	(2,944,546)	6,541,122	(2,644,388)	3,701,008
<b>Other Financing Sources (Uses)</b>						
Transfers in (Note 5)	-	8,113,181	4,474,253	-	3,391,706	15,979,140
Transfers out (Note 5)	(8,173,706)	(250,000)	(1,040,000)	(6,495,434)	(20,000)	(15,979,140)
Sale of capital assets	2,056	4,217	9,319	-	3,611	19,203
Total other financing (uses) sources	(8,171,650)	7,867,398	3,443,572	(6,495,434)	3,375,317	19,203
<b>Net Change in Fund Balances</b>						
Fund Balances - Beginning of year	2,344,606	99,962	499,026	45,688	730,929	3,720,211
Fund Balances - End of year	<b>\$ 17,617,678</b>	<b>\$ 3,668,074</b>	<b>\$ 4,011,693</b>	<b>\$ 95,889</b>	<b>\$ 16,907,705</b>	<b>\$ 42,301,039</b>

## Charter Township of Waterford

### Governmental Funds

### Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended December 31, 2021

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	\$ 3,720,211
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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	3,786,632
Depreciation expense	(2,359,441)
Net book value of assets disposed of	(56,881)

Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(33,971)
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Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	265,457
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Interest expense is recognized in the government-wide statements as it accrues	1,123
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Changes to some employee costs (pension, OPEB, pension and OPEB related deferrals, and compensated absences) do not require the use of current financial resources and, therefore, are not reported in the governmental funds	20,096,283
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Changes to claims and similar costs that do not use current financial resources are not reported in the governmental funds	61,182
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Internal service funds are included as part of governmental activities	<u>(139,440)</u>
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<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 25,341,155</u></b>
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## Charter Township of Waterford

### Proprietary Funds Statement of Net Position

December 31, 2021

	Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
<b>Assets</b>		
Current assets:		
Cash and investments (Note 3)	\$ 22,292,113	\$ 459,608
Receivables:		
Special assessments receivable - Due within one year	168,217	-
Customer receivables	8,472,539	-
Accrued interest receivable	14,408	-
Inventory	-	79,365
Total current assets	30,947,277	538,973
Noncurrent assets:		
Restricted assets	4,250,642	-
Net pension asset (Note 7)	4,758,119	-
Capital assets: (Note 4)		
Assets not subject to depreciation	11,120,292	-
Assets subject to depreciation - Net	94,415,378	318,759
Total noncurrent assets	114,544,431	318,759
Total assets	145,491,708	857,732
<b>Deferred Outflows of Resources</b>		
Deferred pension costs (Note 7)	235,424	-
Deferred OPEB costs (Note 8)	56,235	-
Total deferred outflows of resources	291,659	-
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	1,079,246	29,553
Accrued liabilities and other	286,309	-
Compensated absences	293,297	-
Provision for claims	60,452	-
Current portion of long-term debt (Note 6)	2,251,524	-
Total current liabilities	3,970,828	29,553
Noncurrent liabilities:		
Compensated absences	96,466	-
Provision for claims	17,659	-
Accrued liabilities	-	248,924
Net OPEB liability (Note 8)	14,446,390	-
Long-term debt (Note 6)	27,681,937	-
Total noncurrent liabilities	42,242,452	248,924
Total liabilities	46,213,280	278,477
<b>Deferred Inflows of Resources</b>		
Deferred pension cost reductions (Note 7)	3,777,741	-
Deferred OPEB cost reductions (Note 8)	2,502,204	-
Total deferred inflows of resources	6,279,945	-

## Charter Township of Waterford

### Proprietary Funds Statement of Net Position (Continued)

December 31, 2021

	Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
<b>Net Position</b>		
Net investment in capital assets	\$ 79,466,052	\$ 318,759
Restricted - Capital projects	386,799	-
Unrestricted	13,437,291	260,496
<b>Total net position</b>	<b>\$ 93,290,142</b>	<b>\$ 579,255</b>

## Charter Township of Waterford

### Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2021

	Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
<b>Operating Revenue</b>		
Sale of water	\$ 6,710,974	\$ -
Sewage disposal charges	17,413,909	-
Other sales to customers	36,825	-
Charges for services	437,165	-
	<hr/>	<hr/>
Total operating revenue	24,598,873	-
<b>Operating Expenses</b>		
Cost of water	1,970,478	-
Cost of sewage treatment	9,593,868	-
Other operating and maintenance costs	1,011,956	-
Billing and administrative costs	2,409,702	-
Unemployment cost	-	33
Depreciation	5,840,697	137,301
	<hr/>	<hr/>
Total operating expenses	20,826,701	137,334
<b>Operating Income (Loss)</b>	3,772,172	(137,334)
<b>Nonoperating (Expense) Revenue</b>		
Investment (loss) income	(141,600)	1,001
Interest expense	(741,313)	-
Loss on sale of assets	-	(3,107)
	<hr/>	<hr/>
Total nonoperating expense	(882,913)	(2,106)
<b>Income (Loss) - Before capital contributions</b>	2,889,259	(139,440)
<b>Capital Contributions</b>		
Capital grants	7,989	-
Benefit fees	204,754	-
Lines donated by developers	492,700	-
	<hr/>	<hr/>
Total capital contributions	705,443	-
<b>Change in Net Position</b>	3,594,702	(139,440)
<b>Net Position - Beginning of year</b>	89,695,440	718,695
<b>Net Position - End of year</b>	<b>\$ 93,290,142</b>	<b>\$ 579,255</b>

## Charter Township of Waterford

### Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2021

	Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 24,702,936	\$ -
Payments to suppliers	(11,352,295)	(1,657)
Payments to employees and fringes	(6,150,023)	-
Claims paid	-	(5,899)
Other receipts	-	6,756
Net cash and cash equivalents provided by (used in) operating activities	7,200,618	(800)
<b>Cash Flows from Capital and Related Financing Activities</b>		
Receipt of capital grants	7,989	-
Special assessment collections	35,752	-
Benefit fees	204,754	-
Proceeds from sale of capital assets	-	5,243
Purchase of capital assets	(2,214,037)	-
Principal and interest paid on capital debt	(3,617,558)	-
Net cash and cash equivalents (used in) provided by capital and related financing activities	(5,583,100)	5,243
<b>Cash Flows from Investing Activities</b>		
Interest received on investments	-	1,001
Proceeds from sale and maturities of investment securities	135,993	-
Net cash and cash equivalents provided by investing activities	135,993	1,001
<b>Net Increase in Cash and Cash Equivalents</b>	1,753,511	5,444
<b>Cash and Cash Equivalents - Beginning of year</b>	11,219,791	454,164
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 12,973,302</b>	<b>\$ 459,608</b>
<b>Classification of Cash and Cash Equivalents</b>		
Cash and investments	\$ 22,292,113	\$ 459,608
Less amounts classified as investments	(9,318,811)	-
Total cash and cash equivalents	<b>\$ 12,973,302</b>	<b>\$ 459,608</b>

## Charter Township of Waterford

### Proprietary Funds Statement of Cash Flows (Continued)

Year Ended December 31, 2021

	Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>		
Operating income (loss)	\$ 3,772,172	\$ (137,334)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	5,840,697	137,301
Changes in assets and liabilities:		
Receivables	112,548	6,756
Inventories	-	(10,676)
Accrued and other liabilities	58,728	-
Accounts payable	(91,188)	9,019
Estimated claims liability	56,433	(5,866)
Net pension and OPEB liabilities and related deferrals	(2,548,772)	-
Total adjustments	3,428,446	136,534
Net cash and cash equivalents provided by (used in) operating activities	<b>\$ 7,200,618</b>	<b>\$ (800)</b>

**Noncash Investing, Capital, and Financing Activities** - During the year ended December 31, 2021, the Water and Sewer Fund received approximately \$493,000 of lines donated by developers. The Township incurred approximately \$39,000 of debt related to additional infrastructure assets being completed by Oakland County, Michigan. In addition, restricted assets held at the County were reduced by approximately \$2,000,000 in order to fund the construction of capital assets.

## Charter Township of Waterford

### Fiduciary Funds Statement of Fiduciary Net Position

December 31, 2021

	Pension and Other Postemployment Benefits Funds	Custodial Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 7,795,059	\$ 7,370,312
Investments:		
Fixed-income funds	21,495,049	-
Publicly traded partnerships	27,399,024	-
Stocks	119,019,315	-
Mutual funds	53,315,113	-
Real estate investment trusts	10,318,610	-
Pension manager short-term funds	5,936,710	-
Securities lending short-term collateral bank investment pool - Mutual funds	781,387	-
Receivables:		
Property taxes receivable	-	2,877,019
Special assessments receivable	-	114,273
Prepaid items	996,505	-
<b>Total assets</b>	<b>247,056,772</b>	<b>10,361,604</b>
<b>Liabilities</b>		
Accounts payable	27,246	8,055
Due to other governmental units	-	6,598,989
Accrued liabilities and other	479,217	206,420
Obligations under securities lending agreements	792,928	-
<b>Total liabilities</b>	<b>1,299,391</b>	<b>6,813,464</b>
<b>Deferred Inflows of Resources</b> - Special assessments levied for the following fiscal year	<b>-</b>	<b>3,159,728</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>1,299,391</b>	<b>9,973,192</b>
<b>Net Position</b>		
Restricted:		
Pension	204,677,151	-
Postemployment benefits other than pension	41,080,230	-
Individuals, organizations, and other governments	-	388,412
<b>Total net position</b>	<b>\$ 245,757,381</b>	<b>\$ 388,412</b>

## Charter Township of Waterford

### Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2021

	Pension and Other Postemployment Benefits Funds	Custodial Funds
<b>Additions</b>		
Investment income (loss):		
Interest and dividends	\$ 5,335,152	\$ -
Net increase in fair value of investments	30,430,451	-
Investment costs	(1,038,384)	-
Net investment income	34,727,219	-
Contributions:		
Employer contributions	16,759,818	-
Employee contributions	354,771	-
Total contributions	17,114,589	-
Property tax collections	-	65,710,001
Special assessments	-	327,999
District court receipts	-	608,251
Total additions	51,841,808	66,646,251
<b>Deductions</b>		
Benefit payments	20,300,460	-
Administrative expenses	86,495	-
Tax distributions to other governments	-	65,710,001
Weed control	-	288,916
District court disbursements	-	608,251
Total deductions	20,386,955	66,607,168
<b>Net Increase in Fiduciary Net Position</b>	31,454,853	39,083
<b>Net Position - Beginning of year</b>	214,302,528	349,329
<b>Net Position - End of year</b>	<b>\$ 245,757,381</b>	<b>\$ 388,412</b>

## Charter Township of Waterford

### Component Units Statement of Net Position

December 31, 2021

	Economic Development Corporation	Waterford Youth Assistance Corporation	Brownfield Redevelopment Authority	Total
<b>Assets</b>				
Cash and investments	\$ 145,489	\$ 73,772	\$ 50,870	\$ 270,131
Receivables - Property taxes	-	-	5,437	5,437
Total assets	145,489	73,772	56,307	275,568
<b>Liabilities</b> - Accounts payable	-	23	-	23
<b>Deferred Inflows of Resources</b> - Property taxes levied for the following year	-	-	21,792	21,792
<b>Net Position</b> - Unrestricted	<b>\$ 145,489</b>	<b>\$ 73,749</b>	<b>\$ 34,515</b>	<b>\$ 253,753</b>

## Charter Township of Waterford

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				Program Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
		Expenses		
Economic Development Corporation	\$ -	\$ -	\$ -	\$ -
Waterford Youth Assistance Corporation	19,359	4,206	26,440	-
Brownfield Redevelopment Authority	8,927	-	-	-
<b>Total component units</b>	<b>\$ 28,286</b>	<b>\$ 4,206</b>	<b>\$ 26,440</b>	<b>\$ -</b>

General revenue:  
 Property taxes  
 Unrestricted investment income

Total general revenue

**Change in Net Position**

**Net Position - Beginning of year**

**Net Position - End of year**

**Component Units  
Statement of Activities**

**Year Ended December 31, 2021**

**Net Revenue (Expense) and Changes in Net Position**

	Waterford			
Economic Development Corporation	Youth Assistance Corporation	Brownfield Redevelopment Authority		Total
\$	\$	\$	\$	\$
-	11,287	-	-	11,287
-	-	(8,927)	-	(8,927)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	11,287	(8,927)	-	2,360
-	-	25,203	25,203	
816	391	-	1,207	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
816	391	25,203	26,410	
816	11,678	16,276	28,770	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
144,673	62,071	18,239	224,983	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>\$ 145,489</b>	<b>\$ 73,749</b>	<b>\$ 34,515</b>	<b>\$ 253,753</b>	

December 31, 2021

### Note 1 - Significant Accounting Policies

#### *Reporting Entity*

The Charter Township of Waterford (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. The blended component unit is, in substance, part of the Township's operations, even though it is a separate legal entity. Thus, the blended component unit is appropriately presented as part of the Township. 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).

#### *Fiduciary Component Units*

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 who 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 Funds are reported as pension and other postemployment benefit trust funds.

#### *Blended Component Unit*

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 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.

#### *Waterford Youth Assistance Corporation*

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.

#### *Economic Development Corporation*

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.

#### *Brownfield Redevelopment Authority*

The Brownfield Redevelopment Authority was created, pursuant to Public Act 381 of 1996, to promote revitalization of an environmentally distressed area within the Township. The Brownfield Redevelopment Authority is funded primarily by property tax revenue captures. The Brownfield Redevelopment Authority is governed by the Economic Development Corporation's governing body. The Township also has the ability to impose its will on the component unit.

December 31, 2021

### Note 1 - Significant Accounting Policies (Continued)

#### *Accounting and Reporting Principles*

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

#### *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.

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.

#### *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 health care-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.

December 31, 2021

### Note 1 - Significant Accounting Policies (Continued)

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.

#### ***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**

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, capital project funds, and permanent 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 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.
- The Police and Fire Special Assessment District Fund accounts for the operations of the police and the fire department of the Township. Funding is provided primarily through a special assessment in accordance with Public Act 33 of 1951.

#### **Proprietary Funds**

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. The Township utilizes internal service funds to account for motor pool activities and fire unemployment costs.

#### **Fiduciary Funds**

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

- The pension and other postemployment benefits funds account for the activities of the employee benefit plans that accumulate resources for pension and other postemployment benefit payments to qualified employees.
- The custodial funds record tax collections for other units of government (the county, community college, school district, etc.), the district court, and weed control activity on behalf of lake improvement boards.

December 31, 2021

### Note 1 - Significant Accounting Policies (Continued)

#### 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.

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.

#### **Specific Balances and Transactions**

##### Cash and Investments

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

##### Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. 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 \$4,250,642 on deposit at the county that is being held for certain projects of the Water and Sewer Fund, including \$3,863,843 of unspent bond proceeds.

##### 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 value at the date of donation.

December 31, 2021

### Note 1 - Significant Accounting Policies (Continued)

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

Capital Asset Class	Depreciable Life - Years
Buildings and improvements	10 - 40
Infrastructure	20 - 40
Lines and laterals	75
Machinery and office equipment, vehicles, and other	3 - 15

#### Unearned Revenue

Unearned revenue represents money received that does not yet meet the criteria for revenue recognition. As of December 31, 2021, the Grant Fund's balance of unearned revenue relates to American Rescue Plan Act cash received in advance of eligibility criteria being met. Unearned amounts are reported as liabilities.

#### 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 other financing sources, as well as bond premiums and discounts. The General Fund is generally used to liquidate governmental long-term debt.

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

#### 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 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 and other postemployment benefit plan. The deferred outflows of resources related to the defined benefit pension plans and other postemployment benefit plan are reported in the government-wide financial statements and the Water and Sewer Fund (see Notes 7 and 8 for details).

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 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 and other postemployment benefit plan are reported in the government-wide financial statements and the Water and Sewer Fund (see Notes 7 and 8 for details).

December 31, 2021

### Note 1 - Significant Accounting Policies (Continued)

#### Net Position

Net position of the Township is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

#### Net Position Flow Assumption

The Township will sometimes 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.

#### Fund Balance Flow Assumptions

The Township will sometimes 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 government'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's board of trustees 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 Township for specific purposes but do not meet the criteria to be classified as committed. The Township's board of trustees 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 exist only 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.

December 31, 2021

### Note 1 - Significant Accounting Policies (Continued)

The Township's board of trustees has adopted, by ordinance, a Budget Stabilization Fund under Michigan's Public Act 30 of 1978, as amended. The board of trustees may, with a two-thirds vote, set aside General Fund surplus, up to a maximum of 20 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 two-thirds vote of the board of trustees, may only occur to correct a budget shortfall or in the case of a natural disaster. The balance at December 31, 2021 of the stabilization amount, which is reported in the General Fund, is \$3,775,811.

#### 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 2020 property tax revenue was levied and collectible on December 31, 2020 and is recognized as revenue in the year ended December 31, 2021 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2020 taxable valuation of the Township totaled \$2.35 billion on which ad valorem taxes levied consisted of 3.6611 mills for operating purposes, 2.8668 mills for police, 2.5102 mills for the fire department, 0.8673 mills for the library, 0.4755 mills for parks and recreation, and 2.90 mills for police and fire special assessment. This resulted in property tax revenue of \$8.5 million for operating, \$6.7 million for police, \$5.9 million for the fire department, \$2.0 million for the library, \$1.1 million for parks and recreation, and \$6.5 million for police and fire special assessment. These amounts are recognized in the respective General Fund and special revenue fund financial statements as tax revenue.

#### Pension

The Township offers defined benefit pension plans to its employees. The Township records a net pension liability or asset 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/asset, 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 plans' 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.

#### Other Postemployment Benefits

The Township offers retiree health care benefits to retirees. The Township records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the retiree health care plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

December 31, 2021

### Note 1 - Significant Accounting Policies (Continued)

#### 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. All sick and 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.

#### Upcoming Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the Township's financial statements for the year ended December 31, 2020 but were extended to December 31, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The provisions of this statement were originally effective for the Township's financial statements for the year ended December 31, 2021 but were extended to December 31, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

December 31, 2021

### Note 1 - Significant Accounting Policies (Continued)

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Township does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2023.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. 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 year ending December 31, 2023.

In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the Township's financial statements for the year ending December 31, 2022.

#### **Subsequent Event**

Subsequent to year end, the Township's investment portfolio - particularly the investments of the pension and OPEB plans - has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

December 31, 2021

### Note 2 - Stewardship, Compliance, and Accountability

#### Construction Code Fees

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

Cumulative shortfall at January 1, 2021		\$ (6,393,898)
Current year permit revenue		812,857
Related expenses:		
Direct costs	\$ 814,405	
Estimated indirect costs	<u>-</u>	814,405
Current year shortfall		<u>(1,548)</u>
Cumulative shortfall December 31, 2021		<u>\$ (6,395,446)</u>

### Note 3 - Deposits and Investments

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

	Governmental Activities	Business-type Activities	Total	Fiduciary	Total Primary Government and Fiduciary Funds	Component Units
Cash and investments	\$ 66,573,649	\$ 22,292,113	\$ 88,865,762	\$ 253,430,579	\$ 342,296,341	\$ 270,131

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

	Primary Government and Fiduciary Funds	Component Units
Deposits with financial institutions	\$ 41,653,173	\$ 270,131
Investments:		
Equity securities and mutual funds	172,334,428	-
Debt securities or funds	23,769,475	-
Short-term funds	60,884,921	-
Real estate and other	43,654,344	-
Total	<u>\$ 342,296,341</u>	<u>\$ 270,131</u>

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 that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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.

December 31, 2021

### Note 3 - Deposits and Investments (Continued)

The Township's pension trust funds and the retiree health care fund 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 13 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit (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. 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 bank deposits of \$34,909,365 (certificates of deposit and checking and savings accounts). Of that amount, \$2,000,000 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 Federal Deposit Insurance Corporation (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:

Government-wide Activities	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Agency securities	\$ 2,274,426	\$ -	\$ 2,274,426	\$ -	\$ -
Fixed-income pool	\$ 60,103,534	\$ -	\$ 60,103,534	\$ -	\$ -
<b>Total</b>	<b>\$ 62,377,960</b>	<b>\$ -</b>	<b>\$ 62,377,960</b>	<b>\$ -</b>	<b>\$ -</b>
Fiduciary Activities	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Agency securities	\$ 2,367,409	\$ -	\$ 41,022	\$ 399,603	\$ 1,926,784
Bonds	\$ 1,611,954	\$ -	\$ 482,294	\$ 734,003	\$ 395,657
<b>Total</b>	<b>\$ 3,979,363</b>	<b>\$ -</b>	<b>\$ 523,316</b>	<b>\$ 1,133,606</b>	<b>\$ 2,322,441</b>

December 31, 2021

### 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:

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
Agency securities	\$ 2,274,426	Aaa	Moody's
Fixed-income pool	<u>60,103,534</u>	Not rated	
<b>Total</b>	<b><u>\$ 62,377,960</u></b>		
<b>Fiduciary Funds</b>			
Bonds	\$ 125,269	A-	S&P
Bonds	39,982	AAA	S&P
Bonds	86,786	B+	S&P
Bonds	87,653	BB	S&P
Bonds	161,649	BB-	S&P
Bonds	331,426	BB+	S&P
Bonds	176,468	BBB	S&P
Bonds	419,768	BBB-	S&P
Bonds	182,953	BBB+	S&P
Agency securities	41,022	A	S&P
Agency securities	117,507	A-	S&P
Agency securities	58,574	A+	S&P
Agency securities	83,443	AA-	S&P
Agency securities	790,067	Aaa	Moody's
Agency securities	40,219	BBB	S&P
Agency securities	1,236,577	Not rated	

#### *Concentration of Credit Risk*

The Township places no limit on the amount it may invest in any one issuer. More than 61 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 Securities and Exchange Commission (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 Advisors Inner Circle Fund (5.76 percent) and Virtus Asset Trust (6.91 percent).

December 31, 2021

### Note 3 - Deposits and Investments (Continued)

#### *Securities Lending*

As permitted by some state statutes and under the provisions of a securities lending authorization agreement, the Township's Police and Fire Retirement System and General Employees' Retirement System (the "Retirement Systems") lend securities to broker-dealers and 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, government securities, or irrevocable bank letters of credit as collateral. Borrowers are required to deliver collateral for each loan equal to no less than 100 percent of the market value of the loaned securities. During the year ended December 31, 2021, 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 its 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.

The 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 pool as of December 31, 2021 did not generally match the duration of the investments made with cash collateral. On December 31, 2021, 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, 2021 were \$781,502 and \$773,354, 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 Standard & Poor's (S&P). The Police and Fire Retirement System did not invest in securities lending as of December 31, 2021.

#### *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, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where 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.

**December 31, 2021**

**Note 3 - Deposits and Investments (Continued)**

The Township has the following recurring fair value measurements as of December 31, 2021:

	Assets Measured at Carrying Value on a Recurring Basis				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Balance at December 31, 2021
Fixed-income funds	\$ 17,515,686	\$ 3,979,363	\$ -	\$ 21,495,049	
Publicly traded partnerships	-	351,800	-	351,800	
Stocks	119,019,315	-	-	119,019,315	
Mutual funds	49,939,512	-	-	49,939,512	
Real estate investment trusts	1,752,313	-	-	1,752,313	
Pension manager short-term debt	-	5,936,710	-	5,936,710	
Agency securities	-	2,274,426	-	2,274,426	
 Total investments by fair value level	 <u>\$ 188,226,826</u>	 <u>\$ 12,542,299</u>	 <u>\$ -</u>	 <u>200,769,125</u>	
 Investments measured at net asset value (NAV):					
Mutual funds				3,375,601	
Publicly traded partnerships				27,047,224	
Real estate investment trusts				8,566,297	
Fixed-income pool				60,103,534	
 Total investments measured at NAV	 <u>\$ -</u>			 <u>99,092,656</u>	
 Total investments measured at fair value	 <u>\$ -</u>			 <u>\$ 299,861,781</u>	

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 certain fixed-income funds, publicly traded partnerships, pension manager short-term debt, and agency securities at December 31, 2021 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 valuation method for investments measured at net asset value per share (or its equivalent) is presented in the table below.

***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 is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

**December 31, 2021****Note 3 - Deposits and Investments (Continued)**

At December 31, 2021, 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>
Mutual funds	\$ 3,375,601	\$ -	No restrictions	None
Publicly traded partnerships	27,047,224	2,445,023	Monthly - Quarterly	30 - 65 days
Real estate investment trusts	8,566,297	833,625	Quarterly	10 days
Fixed-income pool	60,103,534	-	No restrictions	None
<b>Total</b>	<b>\$ 99,092,656</b>	<b>\$ 3,278,648</b>		

The mutual funds class includes investments in mutual funds that invest in stocks within the U.S. equity market, bonds of governments, government-related entities and agencies, and corporations primarily in the U.S. The publicly traded partnerships class includes investments in stocks within the foreign equity markets and funds that invest in large core global infrastructure assets. The real estate investment trusts class includes funds that invest in commercial U.S. real estate properties. The fixed-income pool class includes investment in a local government investment pool that invests assets in a manner that 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 net asset value per share of the investments.

# Charter Township of Waterford

## Notes to Financial Statements

December 31, 2021

### Note 4 - Capital Assets

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

#### Governmental Activities

	Balance January 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2021
Capital assets not being depreciated:					
Land	\$ 26,582,060	\$ -	\$ -	\$ -	\$ 26,582,060
Construction in progress	36,440	(36,440)	408,510	-	408,510
Subtotal	26,618,500	(36,440)	408,510	-	26,990,570
Capital assets being depreciated:					
Infrastructure	15,736,135	36,440	394,123	-	16,166,698
Buildings and improvements	31,130,771	-	538,041	-	31,668,812
Machinery and office equipment, vehicles, and other	27,338,655	-	2,445,957	(715,150)	29,069,462
Subtotal	74,205,561	36,440	3,378,121	(715,150)	76,904,972
Accumulated depreciation:					
Infrastructure	12,701,288	-	163,967	-	12,865,255
Buildings and improvements	16,004,906	-	645,699	-	16,650,605
Machinery and office equipment, vehicles, and other	20,712,959	-	1,687,076	(649,920)	21,750,115
Subtotal	49,419,153	-	2,496,742	(649,920)	51,265,975
Net capital assets being depreciated	24,786,408	36,440	881,379	(65,230)	25,638,997
Net governmental activities capital assets	\$ 51,404,908	\$ -	\$ 1,289,889	\$ (65,230)	\$ 52,629,567

# Charter Township of Waterford

## Notes to Financial Statements

December 31, 2021

### Note 4 - Capital Assets (Continued)

#### *Business-type Activities*

	Balance January 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2021
<b>Capital assets not being depreciated:</b>					
Land	\$ 3,267,097	\$ -	\$ -	\$ -	\$ 3,267,097
Construction in progress	9,387,777	(4,274,925)	2,740,343	-	7,853,195
Subtotal	12,654,874	(4,274,925)	2,740,343	-	11,120,292
<b>Capital assets being depreciated:</b>					
Lines and laterals	129,266,301	32,794	1,520,188	-	130,819,283
Buildings and improvements	25,375,265	-	6,375	-	25,381,640
Machinery and office equipment, vehicles, and other	8,111,086	-	442,894	(700,531)	7,853,449
Oakland-Macomb Interceptor joint assets	23,788,976	4,242,131	-	-	28,031,107
Subtotal	186,541,628	4,274,925	1,969,457	(700,531)	192,085,479
<b>Accumulated depreciation:</b>					
Lines and laterals	68,579,428	-	3,611,751	-	72,191,179
Buildings and improvements	14,266,186	-	568,232	-	14,834,418
Machinery and office equipment, vehicles, and other	4,444,145	-	539,469	(700,531)	4,283,083
Oakland-Macomb Interceptor joint assets	5,240,176	-	1,121,245	-	6,361,421
Subtotal	92,529,935	-	5,840,697	(700,531)	97,670,101
Net capital assets being depreciated	94,011,693	4,274,925	(3,871,240)	-	94,415,378
Net business-type activities capital assets	\$ 106,666,567	\$ -	\$ (1,130,897)	\$ -	\$ 105,535,670

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

Governmental activities:		
General government		\$ 673,969
District court		70,048
Public safety		1,338,134
Community and economic development		34,586
Recreation and culture		380,005
Total governmental activities		\$ 2,496,742
Business-type activities - Water and sewer		\$ 5,840,697

#### *Construction Commitments*

The Township has one construction project at December 31, 2021 for which the Water and Sewer Fund had spent \$391,696 and had a remaining commitment of \$117,476.

# Charter Township of Waterford

## Notes to Financial Statements

December 31, 2021

### Note 5 - Interfund Transfers

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Fire Fund	\$ 557,000
	Police Fund	5,535,000
	Other nonmajor governmental funds	2,081,706
	Total General Fund	8,173,706
Fire Fund	Other nonmajor governmental funds	1,040,000
Police Fund	Other nonmajor governmental funds	250,000
Police and Fire Special Assessment District	Fire Fund	3,917,253
	Police Fund	2,578,181
	Total Police and Fire Special Assessment District	6,495,434
Other nonmajor governmental funds	Other nonmajor governmental funds	20,000
	Total	\$ 15,979,140

The transfers from the General Fund to the Fire, Police, and certain nonmajor governmental funds (Library and Michigan Indigent Defense funds) represent the use of unrestricted resources to finance operations of the fire and police departments and indigent defense fund in accordance with budgetary authorizations. The transfers from the General Fund to the other nonmajor governmental funds represent transfers to the Improvement Revolving Fund and Parks and Recreation Fund to cover repairs and improvements to the Township's infrastructure and buildings. The transfers from the General Fund, Fire Fund, Police 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. The transfers from the Police and Fire Special Assessment District to the Fire Fund and Police Fund represent the transfer of special assessment proceeds to the funds in which they will be spent.

# Charter Township of Waterford

## Notes to Financial Statements

December 31, 2021

### 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. Long-term debt activity for the year ended December 31, 2021 can be summarized as follows:

#### **Governmental Activities**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable -							
Other debt - General							
Obligation Unlimited Tax							
Bond:							
Refunding Bonds - Series							
2012							
Amount of issue - \$1,151,550		\$ 265,457	\$ -	\$ (265,457)	\$ -	\$ -	
Compensated absences		2,909,724	6,377,542	(6,663,285)	2,623,981	2,516,398	
Estimated liability for workers' compensation claims		681,755	102,197	(211,427)	572,525	327,440	
Estimated liability for unemployment claims		251,802	-	(2,878)	248,924	-	
Estimated liability for general liability claims		111,727	68,224	(20,176)	159,775	159,775	
Total governmental activities long-term debt		<u>\$ 4,220,465</u>	<u>\$ 6,547,963</u>	<u>\$ (7,163,223)</u>	<u>\$ 3,605,205</u>	<u>\$ 3,003,613</u>	

December 31, 2021

### Note 6 - Long-term Debt (Continued)

#### *Business-type Activities*

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Bonds and contracts payable:</b>							
Direct borrowings and direct placements:							
Drinking Water Relief Fund:							
Series 2013A							
Amount of issue - \$6,994,654		\$305,000-\$394,225	\$ 4,569,225	\$	-	\$ (310,000)	\$ 4,259,225
Maturing through 2033	2.00%						
Sewer Relief Fund:							
Series 2013B							
Amount of issue - \$4,130,000		\$185,000-\$246,324	3,226,324		-	(185,000)	3,041,324
Maturing through 2035	2.00%						
Sewer Relief Fund:							
Series 2007-B							
Amount of issue - \$3,745,000		\$185,000-\$200,000	1,332,393		-	(185,000)	1,147,393
Maturing through 2027	1.63%						
Drinking Water Relief Fund:							
Series 2007-C							
Amount of issue - \$8,905,000		\$455,000-\$538,831	4,003,831		-	(465,000)	3,538,831
Maturing through 2028	2.13%						
Oakland-Macomb Sewer Interceptor:							
Series 2010A							
Amount of issue - \$3,510,038		\$167,587-\$220,084	2,144,979		-	(171,625)	1,973,354
Maturing through 2030	2.50%						
Oakland-Macomb Sewer Interceptor:							
Series 2011							
Amount of issue - \$4,219,251		\$191,709-\$263,611	2,972,327		-	(196,667)	2,775,660
Maturing through 2033	2.50%						
Oakland-Macomb Sewer Interceptor:							
Series 2013A							
Amount of issue - \$9,206,996		\$305,000-\$394,225	6,816,874		-	(426,852)	6,390,022
Maturing through 2034	2.00%						
Oakland County Clinton River WRRF:							
Series 2017							
Amount of issue - \$3,006,307		\$14,615-\$179,390	2,571,092	39,613	(123,331)	2,487,374	126,390
Maturing through 2038	2.50%						
Oakland-Macomb Sewer Interceptor:							
Series 2010B 2019 Refunded							
Amount of issue - \$607,082		\$37,017-\$67,304	570,065		-	(47,786)	522,279
Maturing through 2030	1.85%						

# Charter Township of Waterford

## Notes to Financial Statements

December 31, 2021

### Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Oakland-Macomb Sewer Interceptor:							
Series 2020A							
Amount of issue -							
\$3,863,844		\$65,844-					
Maturing through 2040	2.00%-5.00%	\$271,141	\$ 3,863,843	\$ -	\$ (65,844)	\$ 3,797,999	\$ 94,207
Total direct borrowings and direct placements principal outstanding			32,070,953	39,613	(2,177,105)	29,933,461	2,251,524
Other debt - General Obligation Unlimited Tax Bond:							
Refunding Bonds - Series 2012							
Amount of issue -	2.00% - 3.00%	\$234,528- \$366,346	734,543	-	(734,543)	-	-
Total bonds and contracts payable			32,805,496	39,613	(2,911,648)	29,933,461	2,251,524
Compensated absences			345,806	755,929	(711,972)	389,763	293,297
Estimated liability for workers' compensation claims			-	56,483	(15,231)	41,252	23,593
Estimated liability for general liability claims			21,678	19,834	(4,653)	36,859	36,859
Total business-type activities long-term debt			\$ 33,172,980	\$ 871,859	\$ (3,643,504)	\$ 30,401,335	\$ 2,605,273

### Revenue Bonds

The Township has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the Drinking Water Relief Fund and Sewer Relief Fund bonds listed above. Proceeds from the bonds provided financing for improvements to the water and sewer system. The bonds are payable solely from the net revenue of the water and sewer system. The remaining principal and interest to be paid on the bonds are \$13,340,079. During the current year, net revenue of the system was \$9,612,869, compared to annual debt requirements of \$1,400,853.

### Other Long-term Liabilities

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

During 2009, the counties of Macomb and Oakland, Michigan 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 for active projects.

December 31, 2021

### Note 6 - Long-term Debt (Continued)

In 2017, the Township received notice from Oakland County Water Resources Commissioner that the Clinton River Water Resource Recovery Drainage District is planning to construct a Biosolids Handling and Septage Receiving Facility. The total estimated cost of the project is \$40 million. The Township's estimated share is approximately \$4.6 million. Each of the participating communities was given the option to prepay the assessment or pay the assessment through a debt issue over 20 years. The Township elected to prepay \$1.5 million of the assessment and issue debt for the remainder. Total debt incurred to date is approximately \$2.9 million.

#### ***Debt Service Requirements to Maturity***

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

Years Ending December 31	Business-type Activities					Total	
	Direct Borrowings and Direct Placements		Other Debt				
	Principal	Interest	Principal	Interest			
2022	\$ 2,251,524	\$ 677,402	\$ -	\$ -	\$ -	\$ 2,928,926	
2023	2,304,964	626,862	-	-	-	2,931,826	
2024	2,355,145	575,039	-	-	-	2,930,184	
2025	2,403,947	522,042	-	-	-	2,925,989	
2026	2,519,179	466,443	-	-	-	2,985,622	
2027-2031	10,908,070	1,499,898	-	-	-	12,407,968	
2032-2036	5,922,712	430,754	-	-	-	6,353,466	
2037-2041	1,267,920	56,688	-	-	-	1,324,608	
Total	\$ 29,933,461	\$ 4,855,128	\$ -	\$ -	\$ -	\$ 34,788,589	

### Note 7 - Pension Plans

#### ***Plan Description***

##### **Police and Fire Retirement System**

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. 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.

##### **General Employees' Retirement System**

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. 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.

The financial statements of each pension system are included in these financial statements as a pension fund (a fiduciary fund).

December 31, 2021

### Note 7 - Pension Plans (Continued)

#### ***Benefits Provided***

The pension plans provide 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. The plans are closed to new hires.

#### ***Employees Covered by Benefit Terms***

At January 1, 2021, the date of the most recent actuarial valuation, the following members were covered by the benefit terms:

	Police and Fire Retirement System	General Employees' Retirement System
Inactive plan members or beneficiaries currently receiving benefits	172	183
Inactive plan members entitled to but not yet receiving benefits	1	27
Active plan members	60	57
 Total employees covered by the plan	 233	 267

#### ***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, 2021, the active member contribution rate was 5.0 percent of annual pay for both plans. The Township's contribution rate was 47.2 and 24.0 percent of annual payroll for the Police and Fire Retirement System and the General Employees' Retirement System, respectively.

#### ***Net Pension Liability***

The Township chooses a date for each pension plan to measure its net pension liability. This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	Police and Fire Retirement System	General Employees' Retirement System
Measurement date used for the Township's net pension liability	December 31, 2021	December 31, 2021
Based on a comprehensive actuarial valuation as of	January 1, 2021	January 1, 2021

December 31, 2021

### Note 7 - Pension Plans (Continued)

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

#### Police and Fire Retirement System

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
<b>Balance at January 1, 2021</b>	\$ 115,771,080	\$ 109,095,825	\$ 6,675,255
Changes for the year:			
Service cost	1,461,771	-	1,461,771
Interest	7,643,588	-	7,643,588
Differences between expected and actual experience	(2,887,021)	-	(2,887,021)
Changes in assumptions	4,065,331	-	4,065,331
Contributions - Employer	-	3,051,813	(3,051,813)
Contributions - Employee	-	303,661	(303,661)
Net investment income	-	17,937,349	(17,937,349)
Benefit payments, including refunds	(7,989,006)	(7,989,006)	-
Administrative expenses	-	(25,979)	25,979
Net changes	2,294,663	13,277,838	(10,983,175)
<b>Balance at December 31, 2021</b>	<b>\$ 118,065,743</b>	<b>\$ 122,373,663</b>	<b>\$ (4,307,920)</b>

The plan's fiduciary net position represents 103.65 percent of the total pension liability.

#### General Employees' Retirement System

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
<b>Balance at January 1, 2021</b>	\$ 67,435,518	\$ 74,609,520	\$ (7,174,002)
Changes for the year:			
Service cost	472,473	-	472,473
Interest	4,433,206	-	4,433,206
Differences between expected and actual experience	(1,084,000)	-	(1,084,000)
Changes in assumptions	1,396,443	-	1,396,443
Contributions - Employer	-	858,317	(858,317)
Contributions - Employee	-	5,120	(5,120)
Net investment income	-	11,347,109	(11,347,109)
Benefit payments, including refunds	(4,461,727)	(4,461,727)	-
Administrative expenses	-	(54,851)	54,851
Net changes	756,395	7,693,968	(6,937,573)
<b>Balance at December 31, 2021</b>	<b>\$ 68,191,913</b>	<b>\$ 82,303,488</b>	<b>\$ (14,111,575)</b>

The plan's fiduciary net position represents 120.69 percent of the total pension liability.

December 31, 2021

### Note 7 - Pension Plans (Continued)

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

For the year ended December 31, 2021, the Township recognized a pension cost recovery of \$3,948,718 from all plans.

At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police and Fire Retirement System		General Employees' Retirement System	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,890	\$ 1,443,510	-	\$ 542,000
Changes in assumptions	2,032,666	-	698,222	-
Net difference between projected and actual earnings on pension plan investments	-	14,786,336	-	10,661,981
<b>Total</b>	<b>\$ 2,043,556</b>	<b>\$ 16,229,846</b>	<b>\$ 698,222</b>	<b>\$ 11,203,981</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending December 31	General Employees'		
	Police and Fire	Employees'	Total
2022	\$ (2,819,461)	\$ (2,483,176)	\$ (5,302,637)
2023	(5,848,512)	(4,095,402)	(9,943,914)
2024	(3,372,186)	(2,640,329)	(6,012,515)
2025	(2,146,131)	(1,286,852)	(3,432,983)
<b>Total</b>	<b>\$ (14,186,290)</b>	<b>\$ (10,505,759)</b>	<b>\$ (24,692,049)</b>

#### **Actuarial Assumptions**

The total pension liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Police and Fire Retirement System	General Employees' Retirement System
Inflation	2.5%	2.5%
Salary increases (including inflation)	3.5 - 11.42%	3.5 - 6.7%
Investment rate of return (net of investment expenses)	6.75%	6.75%
Mortality rates	PubS-2010 with generational mortality improvements based on MP-2020	PubG-2010 with generational mortality improvements based on MP-2020

The actuarial assumptions used in the January 1, 2021 actuarial valuation date valuation were based on the results of an actuarial experience study for the period from 2013 to 2017.

December 31, 2021

### Note 7 - Pension Plans (Continued)

#### *Discount Rate*

As shown below, the discount rate used to measure the total pension liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the pension plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

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.

	<u>Police and Fire Retirement System</u>	<u>General Employees' Retirement System</u>
Assumed investment rate of return	6.75	6.75
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes
Discount rate used to measure total pension liability	6.75	6.75

#### *Investment Rate of Return*

Best estimates of geometric real rates of return as of the December 31, 2021 measurement date 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 tables:

#### Police and Fire Retirement System

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	77.00 %	4.71 %
Domestic bonds	18.00	1.65
Real estate	2.00	3.98
Alternatives	3.00	7.42

#### General Employees' Retirement System

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	49.00 %	4.47 %
U.S. government or agency fixed income	25.00	1.65
International equity	10.00	4.91
Real estate	5.00	3.98
Private equity	10.00	7.42
Cash or cash equivalents	1.00	-

December 31, 2021

### Note 7 - Pension Plans (Continued)

#### *Sensitivity of the Net Pension Asset to Changes in the Discount Rate*

The following presents the net pension asset of the Township, calculated using the discount rate of 6.75 percent, as well as what the Township's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percentage Point Increase (7.75%)
Net pension liability (asset) of the Police and Fire Retirement System	\$ 8,616,448	\$ (4,307,920)	\$ (15,162,608)
Net pension asset of the General Employees' Retirement System	(6,769,625)	(14,111,575)	(20,348,918)
<b>Total</b>	<b>\$ 1,846,823</b>	<b>\$ (18,419,495)</b>	<b>\$ (35,511,526)</b>

#### *Assumption Changes*

The December 31, 2021 measurement date based off the January 1, 2021 actuarial valuations for both the Police and Fire Retirement System and the General Employees' Retirement System used mortality tables of PubS-2010 with generational mortality improvements based on MP-2020 and PubG-2010 mortality tables with generational mortality improvements based on MP-2020, respectively. The December 31, 2020 measurement date based off the December 31, 2019 actuarial valuations for both retirement systems used the RP-2014 Mortality Tables projected to 2026 using the projection scale MP-2017.

#### *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.

#### *Rate of Return*

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.27 and 15.58 percent for the Police and Fire Retirement System and the General Employees' Retirement System, respectively. 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 employees who terminate before vesting in the pension plan, their balances are returned to them; for those who stay until retirement, the balances are transferred into the retiree reserve.

December 31, 2021

### Note 7 - Pension Plans (Continued)

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, 2021 are as follows:

#### Police and Fire Retirement System

	Required Reserve	Amount Funded
Retiree reserve	\$ 76,600,054	\$ 76,600,054
Employee reserve	5,026,020	5,026,020
Employer reserve	40,747,589	40,747,589
<b>Total</b>	<b>\$ 122,373,663</b>	<b>\$ 122,373,663</b>

#### General Employees' Retirement System

	Required Reserve	Amount Funded
Retiree reserve	\$ 39,876,792	\$ 39,876,792
Employee reserve	81,166	81,166
Employer reserve	42,345,530	42,345,530
<b>Total</b>	<b>\$ 82,303,488</b>	<b>\$ 82,303,488</b>

#### **Deferred Retirement Option Program (DROP)**

#### Police and Fire Retirement System

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 no 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 5 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. There were seven DROP members at December 31, 2021.

December 31, 2021

### Note 7 - Pension Plans (Continued)

#### General Employees' Retirement System

All employees in the dispatch union are eligible to participate in the DROP. There are currently three 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 no greater than 4 percent interest) each year. Additions cease at the earlier of 5 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 5 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, 2021.

### Note 8 - Other Postemployment Benefit Plan

#### *Plan Description*

The Township administers the Waterford Township Retiree Health Plan, a single-employer defined benefit plan. 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 health care plan, with no contribution required by the participant. The Township purchases Medicare supplemental insurance for retirees eligible for Medicare. Management of the plan is vested with the General Employees' Retirement System Board.

The financial statements of the OPEB plan are included in these financial statements as an other employee benefit fund (a fiduciary fund).

#### *Benefits Provided*

The Township provides retiree health care benefits to all eligible full-time employees upon retirement or to individuals receiving system disability pensions in accordance with various labor contracts. Benefits are provided through the Township's health insurance program, and the full cost of benefits is covered by the plan. The plan is closed to all new hires, except for police personnel.

#### *Employees Covered by Benefit Terms*

At December 31, 2020, the date of the most recent actuarial valuation, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	327
Inactive plan members entitled to but not yet receiving benefits	26
Active plan members	187
Total plan members	540

December 31, 2021

### Note 8 - Other Postemployment Benefit Plan (Continued)

#### *Contributions*

It is the Township's policy to pay retiree health care costs as they become due (on a pay-as-you-go basis) and to make discretionary contributions to the retiree health care fund on an annual basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. In the current year, the Township paid postemployment health care premiums of \$7,849,727, plus it contributed \$4,999,961 into a prefunded retiree health care fund, which is reported in these financial statements as an other postemployment benefit trust fund type.

#### *Net OPEB Liability*

The Township has chosen to use the December 31 measurement date as its measurement date for the net OPEB liability. The December 31, 2021 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the December 31, 2021 measurement date. The December 31, 2021 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2020, which used update procedures to roll forward the estimated liability to December 31, 2021.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at January 1, 2021</b>	\$ 160,692,316	\$ 30,597,183	\$ 130,095,133
Changes for the year:			
Service cost	2,484,746	-	2,484,746
Interest	10,355,415	-	10,355,415
Differences between expected and actual experience	(14,894,207)	-	(14,894,207)
Contributions - Employer	-	12,849,688	(12,849,688)
Contributions - Employee	-	45,990	(45,990)
Net investment income	-	5,442,761	(5,442,761)
Benefit payments, including refunds	(7,849,727)	(7,849,727)	-
Administrative expenses	-	(5,665)	5,665
Net changes	(9,903,773)	10,483,047	(20,386,820)
<b>Balance at December 31, 2021</b>	<b>\$ 150,788,543</b>	<b>\$ 41,080,230</b>	<b>\$ 109,708,313</b>

The plan's fiduciary net position represents 27.24 percent of the total OPEB liability.

December 31, 2021

### Note 8 - Other Postemployment Benefit Plan (Continued)

#### ***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended December 31, 2021, the Township recognized OPEB expense of \$123,044.

At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 14,556,176
Changes in assumptions	427,058	-
Net difference between projected and actual earnings on OPEB plan investments	-	4,445,981
<b>Total</b>	<b>\$ 427,058</b>	<b>\$ 19,002,157</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending December 31	Amount
2022	\$ (7,867,782)
2023	(5,282,987)
2024	(4,766,302)
2025	(658,028)
<b>Total</b>	<b>\$ (18,575,099)</b>

#### ***Actuarial Assumptions***

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using a wage inflation assumption of 3.5 percent; assumed salary increases (including inflation) of 3.50 to 11.42 percent; an investment rate of return (net of investment expenses) of 6.5 percent; a health care cost trend rate of 7.5 percent for 2022, decreasing to an ultimate rate of 4.5 percent for 2028 and later years; and the Pub-2010 Mortality Tables fully generational using scale MP-2020. These assumptions were applied to all periods included in the measurement.

#### ***Discount Rate***

The discount rate used to measure the total OPEB liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be the sum of all premiums/benefits due plus the normal cost contributions on behalf of the new police officers, and the police members will contribute 1 percent of pay to the trust.

Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

December 31, 2021

### Note 8 - Other Postemployment Benefit Plan (Continued)

#### *Investment Rate of Return*

The long-term expected rate of return on OPEB 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 OPEB 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 adding expected inflation. Best estimates of geometric real rates of return as of the December 31, 2021 measurement date for each major asset class included in the OPEB 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
U.S. large cap	4.42 %
U.S. mid cap	4.81
U.S. small cap	4.81
International developed equity	4.91
International emerging market equity	5.58
Public real estate investment trust fund	3.98
Hedge funds - Diversified	3.10
Intermediate-term taxable	1.65

#### *Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the net OPEB liability of the Township, calculated using the discount rate of 6.5 percent, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.5%)	Current Discount Rate (6.5%)	1 Percentage Point Increase (7.5%)
Net OPEB liability	\$ 128,814,456	\$ 109,708,313	\$ 93,936,482

#### *Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*

The following presents the net OPEB liability of the Township, calculated using the health care cost trend rate of 7.5 percent for 2021, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent for 2028 and later years, as well as what the Township's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.5%) Decreasing to 3.5%)	Current Health Care Cost Trend Rate (7.5%) Decreasing to 4.5%)	1 Percentage Point Increase (8.5%) Decreasing to 5.5%)
Net OPEB liability	\$ 94,009,902	\$ 109,708,313	\$ 128,976,321

#### *Assumption Changes*

The mortality tables were updated to Pub-2010 Mortality Tables from RP-2014 Mortality Tables.

December 31, 2021

**Note 8 - Other Postemployment Benefit Plan (Continued)**

*Investment Policy*

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the OPEB board by a majority vote of its members. It is the policy of the OPEB 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 OPEB 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 OPEB board's adopted asset allocation policy as of December 31, 2021:

Asset Class	Target Allocation
U.S. large cap	35.00 %
U.S. mid cap	10.00
U.S. small cap	10.00
International developed equity	10.00
International emerging market equity	5.00
Public real estate investment trust fund	5.00
Hedge funds - Diversified	10.00
Intermediate-term taxable	15.00
<b>Total</b>	<b>100.00 %</b>

*Rate of Return*

For the year ended December 31, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 16.65 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Note 9 - Pension and Other Employee Benefit Trust Funds**

The following are condensed financial statements for the individual pension plans and postemployment health care plan:

	Police and Fire Retirement System	General Employees' Retirement System	Other Postemployment Benefits
<b>Statement of Net Position</b>			
Investments	\$ 121,793,730	\$ 83,186,307	\$ 41,080,230
Other assets	595,638	400,867	-
Liabilities	15,705	1,283,686	-
<b>Net position</b>	<b>\$ 122,373,663</b>	<b>\$ 82,303,488</b>	<b>\$ 41,080,230</b>
<b>Statement of Changes in Net Position</b>			
Investment income	\$ 17,937,349	\$ 11,347,109	\$ 5,442,761
Contributions - Employer	3,051,813	858,317	12,849,688
Contributions - Employee	303,661	5,120	45,990
Benefit payments	7,989,006	4,461,727	7,849,727
Other deductions	25,979	54,851	5,665
<b>Net change in net position</b>	<b>\$ 13,277,838</b>	<b>\$ 7,693,968</b>	<b>\$ 10,483,047</b>

December 31, 2021

### Note 10 - Defined Contribution Pension Plan

The Township provides pension benefits to full-time employees hired after various dates, depending on the employee group, through Waterford Township Defined Contribution plan administered by ICMA. 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 \$1,773,820 during the current year.

### Note 11 - 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 claims.

The Michigan Municipal Risk Management Authority (the "Authority") 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 Authority that it 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, in the opinion of management, is not expected to be material considering available insurance coverage, legal defenses, and reserves.

The Township estimates the liability for general liability and workers' compensation 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. 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	
	2021	2020	2021	2020
Estimated liability - Beginning of year	\$ 133,405	\$ 138,790	\$ 681,755	\$ 673,177
Estimated claims incurred, including changes in estimates	88,058	72,652	158,680	363,153
Claim payments	(24,829)	(78,037)	(226,658)	(354,575)
Estimated liability - End of year	<u>\$ 196,634</u>	<u>\$ 133,405</u>	<u>\$ 613,777</u>	<u>\$ 681,755</u>

### Note 12 - 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, 2021 were \$33,295,000.

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## Required Supplemental Information

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## Charter Township of Waterford

### Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended December 31, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 8,672,416	\$ 8,672,416	\$ 8,657,224	\$ (15,192)
Intergovernmental	6,663,225	7,834,991	8,048,770	213,779
Charges for services	1,263,223	1,263,223	1,288,149	24,926
Fines and forfeitures	937,200	1,212,200	1,285,777	73,577
Licenses and permits	558,700	658,700	812,857	154,157
Investment income	651,736	651,736	607,866	(43,870)
Other revenue:				
Other miscellaneous income	64,277	64,277	77,721	13,444
Cable franchise fees	968,669	968,669	981,993	13,324
Refunds and reimbursements	227,500	795,531	813,390	17,859
Total revenue	20,006,946	22,121,743	22,573,747	452,004
<b>Expenditures</b>				
Current services:				
General government:				
Township board	58,136	58,136	55,543	2,593
Supervisor and assessing	992,894	1,056,388	1,009,300	47,088
Elections	241,570	171,135	29,800	141,335
Personnel	253,292	267,757	255,567	12,190
Information service	474,625	503,590	483,422	20,168
Treasurer	749,763	807,692	777,376	30,316
General service	2,015,417	2,043,317	1,845,982	197,335
Clerk	725,988	783,917	783,326	591
Retiree benefits	1,042,476	784,300	781,257	3,043
Facilities and operations	108,554	108,554	108,554	-
District court	2,681,837	2,723,693	2,623,970	99,723
Public safety:				
Police	46,699	74,591	31,272	43,319
Building inspection	1,346,187	1,420,196	1,362,625	57,571
Planning department	1,561,876	1,663,240	1,441,292	221,948
Capital outlay	190,707	261,142	223,211	37,931
Debt service	92,285	356,185	272,711	83,474
Total expenditures	12,582,306	13,083,833	12,085,208	998,625
<b>Excess of Revenue Over Expenditures</b>	7,424,640	9,037,910	10,488,539	1,450,629
<b>Other Financing (Uses) Sources</b>				
Transfers out	(7,245,856)	(8,630,730)	(8,403,706)	227,024
Sale of capital assets	3,000	3,000	2,056	(944)
Total other financing uses	(7,242,856)	(8,627,730)	(8,401,650)	226,080
<b>Net Change in Fund Balance</b>	181,784	410,180	2,086,889	1,676,709
<b>Fund Balance - Beginning of year</b>	13,748,645	13,748,645	13,748,645	-
<b>Fund Balance - End of year</b>	<b>\$ 13,930,429</b>	<b>\$ 14,158,825</b>	<b>\$ 15,835,534</b>	<b>\$ 1,676,709</b>

## Charter Township of Waterford

### Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Police Fund

Year Ended December 31, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 6,663,638	\$ 6,663,638	\$ 6,725,769	\$ 62,131
Intergovernmental	41,250	190,995	179,758	(11,237)
Charges for services	23,500	23,500	36,912	13,412
Fines and forfeitures	71,550	71,550	65,373	(6,177)
Licenses and permits	39,500	39,500	44,207	4,707
Investment income	97,221	97,221	48,904	(48,317)
Other revenue	400,000	400,000	212,690	(187,310)
Total revenue	7,336,659	7,486,404	7,313,613	(172,791)
<b>Expenditures</b>				
Current services - Public safety	15,046,097	14,830,773	14,660,183	170,590
Capital outlay	364,525	526,389	420,866	105,523
Total expenditures	15,410,622	15,357,162	15,081,049	276,113
<b>Excess of Expenditures Over Revenue</b>	(8,073,963)	(7,870,758)	(7,767,436)	103,322
<b>Other Financing Sources (Uses)</b>				
Transfers in	8,113,181	8,113,181	8,113,181	-
Transfers out	-	(250,000)	(250,000)	-
Sale of capital assets	5,000	5,000	4,217	(783)
Total other financing sources	8,118,181	7,868,181	7,867,398	(783)
<b>Net Change in Fund Balance</b>	44,218	(2,577)	99,962	102,539
<b>Fund Balance - Beginning of year</b>	3,568,112	3,568,112	3,568,112	-
<b>Fund Balance - End of year</b>	<b>\$ 3,612,330</b>	<b>\$ 3,565,535</b>	<b>\$ 3,668,074</b>	<b>\$ 102,539</b>

## Charter Township of Waterford

### Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Fire Fund

Year Ended December 31, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 5,832,301	\$ 5,832,301	\$ 5,888,963	\$ 56,662
Intergovernmental	23,000	298,660	300,194	1,534
Charges for services	10,280,878	10,280,878	10,437,130	156,252
Investment income	94,659	94,659	49,953	(44,706)
Other revenue	64,750	64,750	121,457	56,707
Total revenue	16,295,588	16,571,248	16,797,697	226,449
<b>Expenditures</b>				
Current services - Public safety	18,998,203	19,459,841	19,216,396	243,445
Capital outlay	1,196,620	1,189,120	525,847	663,273
Total expenditures	20,194,823	20,648,961	19,742,243	906,718
<b>Excess of Expenditures Over Revenue</b>	(3,899,235)	(4,077,713)	(2,944,546)	1,133,167
<b>Other Financing Sources (Uses)</b>				
Transfers in	4,474,253	4,474,253	4,474,253	-
Transfers out	(285,000)	(1,040,000)	(1,040,000)	-
Sale of capital assets	16,500	16,500	9,319	(7,181)
Total other financing sources	4,205,753	3,450,753	3,443,572	(7,181)
<b>Net Change in Fund Balance</b>	306,518	(626,960)	499,026	1,125,986
<b>Fund Balance - Beginning of year</b>	3,512,667	3,512,667	3,512,667	-
<b>Fund Balance - End of year</b>	<b>\$ 3,819,185</b>	<b>\$ 2,885,707</b>	<b>\$ 4,011,693</b>	<b>\$ 1,125,986</b>

## Charter Township of Waterford

### Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Police and Fire Special Assessment District Fund

Year Ended December 31, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 6,487,664	\$ 6,487,664	\$ 6,526,565	\$ 38,901
Investment income	20,000	20,000	14,557	(5,443)
Total revenue	6,507,664	6,507,664	6,541,122	33,458
<b>Expenditures</b>	-	-	-	-
<b>Excess of Revenue Over Expenditures</b>	6,507,664	6,507,664	6,541,122	33,458
<b>Other Financing Uses - Transfers out</b>	(6,495,434)	(6,495,434)	(6,495,434)	-
<b>Net Change in Fund Balance</b>	12,230	12,230	45,688	33,458
<b>Fund Balance - Beginning of year</b>	50,201	50,201	50,201	-
<b>Fund Balance - End of year</b>	<b>\$ 62,431</b>	<b>\$ 62,431</b>	<b>\$ 95,889</b>	<b>\$ 33,458</b>

## Charter Township of Waterford

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

	Last Eight Fiscal Years*							
	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>								
Service cost	\$ 1,461,771	\$ 1,395,081	\$ 1,428,332	\$ 1,533,744	\$ 1,506,484	\$ 1,582,620	\$ 1,616,532	\$ 1,738,314
Interest	7,643,588	7,472,390	7,400,869	7,374,206	7,267,038	7,240,552	7,100,713	6,949,918
Differences between expected and actual experience	(2,887,021)	725,271	315,196	(579,972)	216,738	(1,095,732)	397,609	-
Changes in assumptions	4,065,331	-	-	3,908,249	-	-	-	-
Benefit payments, including refunds	(7,989,006)	(7,652,406)	(8,483,981)	(7,289,656)	(7,656,114)	(6,966,018)	(7,234,304)	(5,711,969)
<b>Net Change in Total Pension Liability</b>	2,294,663	1,940,336	660,416	4,946,571	1,334,146	761,422	1,880,550	2,976,263
<b>Total Pension Liability - Beginning of year</b>	115,771,080	113,830,744	113,170,328	108,223,757	106,889,611	106,128,189	104,247,639	101,271,376
<b>Total Pension Liability - End of year</b>	<b>\$ 118,065,743</b>	<b>\$ 115,771,080</b>	<b>\$ 113,830,744</b>	<b>\$ 113,170,328</b>	<b>\$ 108,223,757</b>	<b>\$ 106,889,611</b>	<b>\$ 106,128,189</b>	<b>\$ 104,247,639</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 3,051,813	\$ 3,328,794	\$ 3,046,883	\$ 2,851,743	\$ 2,946,541	\$ 3,188,351	\$ 3,263,241	\$ 3,386,289
Contributions - Member	303,661	375,095	338,105	359,818	381,439	367,992	395,861	446,148
Net investment income (loss)	17,937,349	12,767,216	18,104,776	(5,483,678)	13,507,853	9,778,003	(1,162,337)	5,093,530
Administrative expenses	(25,979)	(43,891)	(43,298)	(561,214)	(458,499)	(452,779)	(522,512)	(560,067)
Benefit payments, including refunds	(7,989,006)	(7,652,406)	(8,483,981)	(7,289,656)	(7,656,114)	(6,966,017)	(7,234,304)	(5,711,969)
<b>Net Change in Plan Fiduciary Net Position</b>	13,277,838	8,774,808	12,962,485	(10,122,986)	8,721,220	5,915,550	(5,260,051)	2,653,931
<b>Plan Fiduciary Net Position - Beginning of year</b>	109,095,825	100,321,017	87,358,532	97,481,518	88,760,298	82,844,748	88,104,799	85,450,868
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 122,373,663</b>	<b>\$ 109,095,825</b>	<b>\$ 100,321,017</b>	<b>\$ 87,358,532</b>	<b>\$ 97,481,518</b>	<b>\$ 88,760,298</b>	<b>\$ 82,844,748</b>	<b>\$ 88,104,799</b>
<b>Township's Net Pension (Asset) Liability - Ending</b>	<b>\$ (4,307,920)</b>	<b>\$ 6,675,255</b>	<b>\$ 13,509,727</b>	<b>\$ 25,811,796</b>	<b>\$ 10,742,239</b>	<b>\$ 18,129,313</b>	<b>\$ 23,283,441</b>	<b>\$ 16,142,840</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	103.65 %	94.23 %	88.13 %	77.19 %	90.07 %	83.04 %	78.06 %	84.51 %
<b>Covered Payroll</b>	\$ 5,786,009	\$ 5,956,794	\$ 6,075,423	\$ 6,426,594	\$ 6,344,741	\$ 6,651,574	\$ 6,794,855	\$ 7,273,279
<b>Township's Net Pension (Asset) Liability as a Percentage of Covered Payroll</b>	(74.45)%	112.06 %	222.37 %	401.64 %	169.31 %	272.56 %	342.66 %	221.95 %

\*GASB Statement No. 67 was implemented for the fiscal year ended December 31, 2014. Data will be added each of the succeeding years until 10 years of such information is available.

## Charter Township of Waterford

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

	Last Eight Fiscal Years*							
	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>								
Service cost	\$ 472,473	\$ 525,397	\$ 589,506	\$ 700,386	\$ 783,877	\$ 820,172	\$ 900,676	\$ 983,329
Interest	4,433,206	4,375,858	4,348,409	4,330,278	4,390,174	4,341,582	4,322,215	4,209,174
Differences between expected and actual experience	(1,084,000)	165,836	(185,854)	(118,483)	(2,236,843)	(625,074)	(1,163,975)	-
Changes in assumptions	1,396,443	-	-	1,693,457	-	-	-	-
Benefit payments, including refunds	(4,461,727)	(4,392,813)	(4,233,878)	(3,746,991)	(3,755,287)	(3,893,369)	(3,590,647)	(3,481,965)
<b>Net Change in Total Pension Liability</b>	756,395	674,278	518,183	2,858,647	(818,079)	643,311	468,269	1,710,538
<b>Total Pension Liability - Beginning of year</b>	67,435,518	66,761,240	66,243,057	63,384,410	64,202,489	63,559,178	63,090,909	61,380,371
<b>Total Pension Liability - End of year</b>	<b>\$ 68,191,913</b>	<b>\$ 67,435,518</b>	<b>\$ 66,761,240</b>	<b>\$ 66,243,057</b>	<b>\$ 63,384,410</b>	<b>\$ 64,202,489</b>	<b>\$ 63,559,178</b>	<b>\$ 63,090,909</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 858,317	\$ 984,672	\$ 761,758	\$ 674,987	\$ 989,146	\$ 1,249,587	\$ 1,555,154	\$ 1,729,217
Contributions - Member	5,120	6,333	8,742	11,627	11,489	14,822	17,565	17,609
Net investment income (loss)	11,347,109	11,166,107	11,155,915	(2,814,131)	9,243,114	2,688,872	721,215	3,720,145
Administrative expenses	(54,851)	(43,905)	(49,297)	(416,490)	(383,813)	(368,089)	(401,114)	(406,264)
Benefit payments, including refunds	(4,461,727)	(4,392,813)	(4,233,878)	(3,746,991)	(3,755,287)	(3,893,369)	(3,590,647)	(3,481,965)
<b>Net Change in Plan Fiduciary Net Position</b>	7,693,968	7,720,394	7,643,240	(6,290,998)	6,104,649	(308,177)	(1,697,827)	1,578,742
<b>Plan Fiduciary Net Position - Beginning of year</b>	74,609,520	66,889,126	59,245,886	65,536,884	59,432,235	59,740,412	61,438,239	59,859,497
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 82,303,488</b>	<b>\$ 74,609,520</b>	<b>\$ 66,889,126</b>	<b>\$ 59,245,886</b>	<b>\$ 65,536,884</b>	<b>\$ 59,432,235</b>	<b>\$ 59,740,412</b>	<b>\$ 61,438,239</b>
<b>Township's Net Pension (Asset) Liability - Ending</b>	<b>\$ (14,111,575)</b>	<b>\$ (7,174,002)</b>	<b>\$ (127,886)</b>	<b>\$ 6,997,171</b>	<b>\$ (2,152,474)</b>	<b>\$ 4,770,254</b>	<b>\$ 3,818,766</b>	<b>\$ 1,652,670</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	120.69 %	110.64 %	100.19 %	89.44 %	103.40 %	92.57 %	93.99 %	97.38 %
<b>Covered Payroll</b>	\$ 3,523,615	\$ 3,474,846	\$ 3,787,197	\$ 3,911,445	\$ 4,463,488	\$ 4,525,599	\$ 4,948,841	\$ 5,664,337
<b>Township's Net Pension (Asset) Liability as a Percentage of Covered Payroll</b>	(400.49)%	(206.46)%	(3.38)%	178.89 %	(48.22)%	105.41 %	77.16 %	29.18 %

\*GASB Statement No. 67 was implemented for the fiscal year ended December 31, 2014. Data will be added each of the succeeding years until 10 years of such information is available.

## Charter Township of Waterford

## Required Supplemental Information Schedule of Pension Contributions Police and Fire Retirement System

## Last Ten Fiscal Years Years Ended December 31

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 3,051,813	\$ 3,328,794	\$ 3,046,883	\$ 2,851,743	\$ 2,946,541	\$ 3,188,351	\$ 3,263,241	\$ 3,386,289	\$ 3,251,498	\$ 3,356,274
Contributions in relation to the actuarially determined contribution	3,051,813	3,328,794	3,046,883	2,851,743	2,946,541	3,188,351	3,263,241	3,386,289	3,251,498	3,356,274
<b>Contribution Deficiency</b>	<b>\$ -</b>									
<b>Covered Payroll</b>	<b>\$ 5,786,009</b>	<b>\$ 5,956,794</b>	<b>\$ 6,075,423</b>	<b>\$ 6,426,594</b>	<b>\$ 6,344,741</b>	<b>\$ 6,651,574</b>	<b>\$ 6,794,855</b>	<b>\$ 7,273,279</b>	<b>\$ 8,800,000</b>	<b>\$ 8,100,000</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>52.74 %</b>	<b>55.88 %</b>	<b>50.15 %</b>	<b>44.37 %</b>	<b>46.44 %</b>	<b>47.93 %</b>	<b>48.03 %</b>	<b>46.56 %</b>	<b>36.95 %</b>	<b>41.44 %</b>

## **Notes to Schedule of 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 the contributions are reported. Specifically, the fiscal year 2021 contribution was determined from the December 31, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	15 years, beginning January 1, 2021
Asset valuation method	4-year smoothed market 25 percent corridor
Inflation	3.50 percent wage inflation, 2.50 percent price inflation
Salary increase	3.6 to 11.4 percent, including inflation
Investment rate of return	6.75 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Mortality Table, RP-2014 Disabled Retiree Annuitant Table, and RP-2014 Employee Mortality Table rates for healthy/disabled retirees and active members, respectively. All tables are projected to 2026 with projection scale MP-2017, with a base year of 2006.
Other information	Economic and demographic assumptions were updated in accordance with an experience review that was conducted as part of the actuarial valuation for the year ended December 31, 2017.

## Charter Township of Waterford

Required Supplemental Information  
Schedule of Pension Contributions  
General Employees' Retirement System

## Last Ten Fiscal Years Years Ended December 31

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 858,317	\$ 984,672	\$ 761,758	\$ 674,987	\$ 989,146	\$ 1,249,587	\$ 1,555,154	\$ 1,729,217	\$ 1,922,105	\$ 2,017,208
Contributions in relation to the actuarially determined contribution	858,317	984,672	761,758	674,987	989,146	1,249,587	1,555,154	1,729,217	1,922,105	2,017,208
<b>Contribution Deficiency</b>	<b>\$ -</b>									
<b>Covered Payroll</b>	<b>\$ 3,523,615</b>	<b>\$ 3,474,846</b>	<b>\$ 3,787,197</b>	<b>\$ 3,911,445</b>	<b>\$ 4,463,488</b>	<b>\$ 4,525,599</b>	<b>\$ 4,948,841</b>	<b>\$ 5,664,337</b>	<b>\$ 5,800,000</b>	<b>\$ 6,200,000</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>24.36 %</b>	<b>28.34 %</b>	<b>20.11 %</b>	<b>17.26 %</b>	<b>22.16 %</b>	<b>27.61 %</b>	<b>31.42 %</b>	<b>30.53 %</b>	<b>33.14 %</b>	<b>32.54 %</b>

### **Notes to Schedule of 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. Specifically, the fiscal year 2021 contribution was determined from the December 31, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates:

## Actuarial cost method

Entry age normal

## Amortization method

### Level dollar, closed

### Remaining amortization period

13 years

### Asset val

4-year smoothed market; 25 percent corridor

## Inflation

3.50 percent wage inflation, 2.50 per-

## Salary increase

3.5 to 6.7 percent, including inflation

### Investment rate

6.75 percent  
Experience-based table of rates that are specific to the type of eligibility condition  
RP-2014 Mortality Table, RP-2014 Disabled Retiree Annuitant Table, and 50 percent of RP-2014 Employee Mortality Table rates for healthy/disabled retirees and active members, respectively. All tables are projected to 2026 with projection scale MP-2017, with a base year of 2006

### Other information

Economic and demographic assumptions were updated in accordance with an experience review that was conducted as part of the actuarial valuation for the year ended December 31, 2017.

## Charter Township of Waterford

### Required Supplemental Information Schedule of Pension Investment Returns

	<b>Last Eight Fiscal Years*</b> <b>Years Ended December 31</b>							
	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment related expenses:								
Police and Fire Retirement System	17.27 %	14.06 %	20.83 %	(5.56)%	15.54 %	7.10 %	(1.50)%	6.10 %
General Employees' Retirement System	15.58 %	17.77 %	19.08 %	(3.74)%	15.99 %	4.70 %	1.30 %	6.30 %

\*GASB Statement No. 67 was implemented for the fiscal year ended December 31, 2014. Data will be added each of the succeeding years until 10 years of such information is available.

## Charter Township of Waterford

### Required Supplemental Information Schedule of Changes in the Net OPEB Liability and Related Ratios

	Last Five Fiscal Years*				
	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>					
Service cost	\$ 2,484,746	\$ 2,241,557	\$ 2,272,870	\$ 2,740,489	\$ 2,720,492
Interest	10,355,415	9,943,261	10,798,395	10,348,900	9,903,055
Differences between expected and actual experience	(14,894,207)	-	(22,661,591)	-	-
Changes in assumptions	-	-	2,858,591	-	-
Benefit payments, including refunds	(7,849,727)	(6,689,934)	(6,127,114)	(5,753,465)	(5,795,277)
<b>Net Change in Total OPEB Liability</b>	(9,903,773)	5,494,884	(12,858,849)	7,335,924	6,828,270
<b>Total OPEB Liability - Beginning of year</b>	<u>160,692,316</u>	<u>155,197,432</u>	<u>168,056,281</u>	<u>160,720,357</u>	<u>153,892,087</u>
<b>Total OPEB Liability - End of year</b>	<b>\$ 150,788,543</b>	<b>\$ 160,692,316</b>	<b>\$ 155,197,432</b>	<b>\$ 168,056,281</b>	<b>\$ 160,720,357</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 12,849,688	\$ 11,561,752	\$ 10,583,514	\$ 7,011,665	\$ 6,646,677
Contributions - Active and inactive plan members not yet receiving benefits	45,990	53,019	53,342	54,245	54,831
Net investment income (loss)	5,442,761	3,523,484	3,641,920	(934,859)	1,431,730
Administrative expenses	(5,665)	(4,098)	(56,734)	(49,049)	(30,839)
Benefit payments, including refunds	(7,849,727)	(6,689,934)	(6,127,114)	(5,753,465)	(5,795,277)
<b>Net Change in Plan Fiduciary Net Position</b>	10,483,047	8,444,223	8,094,928	328,537	2,307,122
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>30,597,183</u>	<u>22,152,960</u>	<u>14,058,032</u>	<u>13,729,495</u>	<u>11,422,373</u>
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 41,080,230</b>	<b>\$ 30,597,183</b>	<b>\$ 22,152,960</b>	<b>\$ 14,058,032</b>	<b>\$ 13,729,495</b>
<b>Net OPEB Liability - Ending</b>	<b>\$ 109,708,313</b>	<b>\$ 130,095,133</b>	<b>\$ 133,044,472</b>	<b>\$ 153,998,249</b>	<b>\$ 146,990,862</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	27.24 %	19.04 %	14.27 %	8.37 %	8.54 %
<b>Covered-employee Payroll</b>	\$ 13,600,556	\$ 13,359,906	\$ 13,359,906	\$ 14,194,380	-
<b>Net OPEB Liability as a Percentage of Covered-employee Payroll</b>	806.65 %	973.77 %	995.85 %	- %	- %

\*GASB Statement No. 74 was implemented for the fiscal year ended December 31, 2017. Data will be added each of the succeeding years until 10 years of such information is available.

## Charter Township of Waterford

## Required Supplemental Information Schedule of OPEB Contributions

## **Notes to Schedule of Contributions**

#### Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31 of even numbered years for the one to two subsequent calendar years.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll for police members; level dollar for general and fire members
Remaining amortization period	27 years, closed
Asset valuation method	Market value
Inflation	2.50 percent
Health care cost trend rates	Trend starting at 8.25 percent in 2019, grading to 3.50 percent in 2033
Salary increase	3.50 to 6.71 percent for general members and 3.65 to 11.42 percent for police and fire members
Investment rate of return	6.50 percent, net of OPEB plan expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Healthy pre- and postretirement: RP-2014 Employee Mortality Table projected to 2026 using projection scale MP-2017. Disabled retirement: RP-2014 Disabled Retirement Annuitant Table projected to 2026 using projection scale MP-2017
Other information	Demographic assumptions updated with the December 31, 2018 OPEB valuation for consistency with pension assumptions for the groups

## Charter Township of Waterford

### Required Supplemental Information Schedule of OPEB Investment Returns

	<b>Last Five Fiscal Years*</b> <b>Years Ended December 31</b>				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Annual money-weighted rate of return -					
Net of investment expense	16.65 %	14.89 %	23.80 %	(6.20)%	11.70 %

\*GASB Statement No. 74 was implemented for the fiscal year ended December 31, 2017. Data will be added each of the succeeding years until 10 years of such information is available.

# Charter Township of Waterford

## Notes to Required Supplemental Information

December 31, 2021

### **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 on 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. Examples of activities include township board, elections, and treasurer. All amendments must be approved by a vote of the township board. Changes in line items within an activity may be made with the approval of the director of fiscal and human resources.

A reconciliation of the General Fund budgetary comparison schedule to the fund-based statement of revenue, expenditures, and changes in fund balances is as follows:

	Total Revenue	Total Expenditures	Total Other Financing Uses	Fund Balance
General Fund amounts per operating statement	\$ 22,601,464	\$ 12,085,208	\$ (8,171,650)	\$ 17,617,678
Cemetery Care Fund	(12,569)	-	(165,000)	(742,858)
Workers' Compensation Fund	(15,148)	-	(65,000)	(1,039,286)
Amounts per budget statement	<u>\$ 22,573,747</u>	<u>\$ 12,085,208</u>	<u>\$ (8,401,650)</u>	<u>\$ 15,835,534</u>

### **Excess of Expenditures Over Appropriations in Budgeted Funds**

During the year, the Township incurred expenditures that were in excess of the amounts budgeted, as follows:

	Budget	Actual	Variance
Community Development Block Grant Fund - Community and economic development	\$ 808,775	\$ 859,553	\$ (50,778)
Library Donations Fund - Recreation and culture	10,000	12,242	(2,242)
Police Restricted Use Fund - Public safety	224,944	523,699	(298,755)
Capital Project Allocation Fund - Capital outlay	-	986,842	(986,842)

### **Pension Information**

#### Changes in Assumptions

In 2018, both pension plans reduced the assumed investment rate of return to 6.75 percent, reduced the inflation assumption to 2.5 percent, and updated the mortality table to the RP-2014 Mortality Table.

In 2021, both pension plans updated mortality tables to the Pub-2010 Mortality Tables.

### **OPEB Information**

#### Changes in Assumptions

In 2019, the mortality table was updated from the RP-2000 Combined Healthy Mortality Table to the RP-2014 Combined Healthy Mortality Table.

## **Charter Township of Waterford**

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### **Notes to Required Supplemental Information**

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**December 31, 2021**

In 2021, the mortality table was updated from the RP-2014 Combined Healthy Mortality Table to the Pub-2010 Combined Healthy Mortality Table.

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## Other Supplemental Information

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#### ***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.

#### ***Police Restricted Use Fund***

This fund is used to account for moneys 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 moneys 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 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.

#### ***Michigan Indigent Defense Fund***

This fund was established in 2018 to account for state grant revenue and local share contributions that are used to provide indigent defense, as required by the Michigan Indigent Defense Commission and Public Act 93 of 2013.

#### ***Grant Fund***

This fund is used to account for moneys received and spent related to the American Rescue Plan Act.

### ***Capital Project Funds***

Capital project 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.

### ***Capital Project 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.

## Charter Township of Waterford

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Special Revenue Funds									
	Community Development Block Grant	Library	Library Donations	Police Restricted Use	Nature Center	Cable Commission	Parks and Recreation		
<b>Assets</b>									
Cash and investments	\$ 247,801	\$ 2,844,346	\$ 21,610	\$ 643,100	\$ 575,699	\$ 868,165	\$ 2,135,209		
Receivables:									
Property taxes receivable	-	929,789	-	7,462	-	-	509,709		
Special assessments receivable	-	-	-	-	-	-	-		
Due from other governments	421,170	8,476	-	-	-	-	4,647		
Rehabilitation loan receivable	1,150,259	-	-	-	-	-	-		
Prepaid items - Prepaid expenses	-	-	-	-	-	-	-		
<b>Total assets</b>	<b>\$ 1,819,230</b>	<b>\$ 3,782,611</b>	<b>\$ 21,610</b>	<b>\$ 650,562</b>	<b>\$ 575,699</b>	<b>\$ 868,165</b>	<b>\$ 2,649,565</b>		
<b>Liabilities</b>									
Accounts payable	\$ 2,326	\$ 20,419	\$ 44	\$ 456	\$ -	\$ 739	\$ 59,375		
Refundable deposits, bonds, etc.	-	-	-	-	-	-	19,051		
Accrued liabilities and other	14,078	38,289	-	-	-	2,733	64,113		
Unearned revenue	-	-	-	-	-	-	-		
<b>Total liabilities</b>	<b>16,404</b>	<b>58,708</b>	<b>44</b>	<b>456</b>	<b>-</b>	<b>3,472</b>	<b>142,539</b>		
<b>Deferred Inflows of Resources</b>	<b>1,571,429</b>	<b>2,101,930</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,152,275</b>	
Total liabilities and deferred inflows of resources	1,587,833	2,160,638	44	456	-	3,472	1,294,814		
<b>Fund Balances</b>									
Nonspendable	-	-	-	-	-	-	-		
Restricted:									
Police	-	-	-	650,106	-	-	-		
Community development	31,397	-	-	-	-	-	-		
Library	-	1,621,973	21,566	-	-	-	-		
Nature center	-	-	-	-	575,699	-	-		
Michigan indigent defense	-	-	-	-	-	-	-		
Committed:									
Capital projects - Police	-	-	-	-	-	-	-		
Capital projects - General	-	-	-	-	-	-	-		
Capital projects - Fire	-	-	-	-	-	-	-		
Capital projects - Parks and recreation	-	-	-	-	-	-	-		
Assigned	200,000	-	-	-	-	864,693	1,354,751		
<b>Total fund balances</b>	<b>231,397</b>	<b>1,621,973</b>	<b>21,566</b>	<b>650,106</b>	<b>575,699</b>	<b>864,693</b>	<b>1,354,751</b>		
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 1,819,230</b>	<b>\$ 3,782,611</b>	<b>\$ 21,610</b>	<b>\$ 650,562</b>	<b>\$ 575,699</b>	<b>\$ 868,165</b>	<b>\$ 2,649,565</b>		

**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**

**December 31, 2021**

Michigan Indigent Defense	Special Revenue Funds		Capital Project Funds		
	Grant Fund		Improvement Revolving	Capital Project Allocation	Total
\$ 259,782	\$ 4,651,862	\$ 4,963,093	\$ 6,131,864	\$ 23,342,531	
-	-	-	-	-	1,446,960
-	-	23,307	-	-	23,307
-	-	-	-	-	434,293
-	-	-	-	-	1,150,259
-	-	-	504,024	504,024	
<b>\$ 259,782</b>	<b>\$ 4,651,862</b>	<b>\$ 4,986,400</b>	<b>\$ 6,635,888</b>	<b>\$ 26,901,374</b>	
\$ 2,113	\$ -	\$ 27,735	\$ -	\$ 113,207	
-	-	94,521	-	-	113,572
-	-	-	-	-	119,213
157,250	4,640,006	-	-	-	4,797,256
159,363	4,640,006	122,256	-	5,143,248	
-	-	24,787	-	-	4,850,421
159,363	4,640,006	147,043	-	9,993,669	
-	-	-	504,024	504,024	
-	-	-	-	-	650,106
-	-	-	-	-	31,397
-	-	-	-	-	1,643,539
-	-	-	-	-	575,699
100,419	-	-	-	-	100,419
-	-	-	1,816,408	1,816,408	
-	-	-	1,246,474	1,246,474	
-	-	-	2,766,469	2,766,469	
-	-	-	302,513	302,513	
-	11,856	4,839,357	-	-	7,270,657
100,419	11,856	4,839,357	6,635,888	16,907,705	
<b>\$ 259,782</b>	<b>\$ 4,651,862</b>	<b>\$ 4,986,400</b>	<b>\$ 6,635,888</b>	<b>\$ 26,901,374</b>	

## Charter Township of Waterford

Special Revenue Funds						
	Community Development Block Grant	Library	Library Donations	Police Restricted Use	Nature Center	
<b>Revenue</b>						
Property taxes	\$ -	\$ 2,034,703	\$ -	\$ -	\$ -	\$ -
Special assessments	- -	- -	- -	- -	- -	- -
Intergovernmental:						
Federal grants	438,381	- -	- -	178,932	- -	- -
State sources	- -	75,050	- -	39,151	- -	- -
Charges for services	- -	- -	- -	- -	- -	- -
Fines and forfeitures	- -	139,429	- -	- -	- -	- -
Licenses and permits	- -	- -	- -	- -	- -	- -
Investment income	- -	14,614	- -	4,519	2,032	
Other revenue:						
Local contributions	- -	2,499	12,179	50	- -	- -
Other miscellaneous income	- -	1,592	- -	26,679	- -	- -
Cable franchise fees	- -	- -	- -	- -	- -	- -
Total revenue	438,381	2,267,887	12,179	249,331	2,032	
<b>Expenditures</b>						
Current services:						
General government	- -	- -	- -	- -	- -	- -
Public safety	- -	- -	- -	290,359	- -	- -
Public works	- -	- -	- -	- -	- -	- -
Community and economic development	858,359	- -	- -	- -	- -	- -
Recreation and culture	- -	2,118,510	12,242	- -	- -	- -
Capital outlay	1,194	166,143	557	233,340	- -	- -
Total expenditures	859,553	2,284,653	12,799	523,699	- -	- -
<b>Excess of Revenue (Under) Over Expenditures</b>	(421,172)	(16,766)	(620)	(274,368)	2,032	
<b>Other Financing Sources (Uses)</b>						
Transfers in	- -	125,000	- -	- -	- -	- -
Transfers out	- -	- -	- -	- -	- -	- -
Sale of capital assets	- -	- -	- -	- -	- -	- -
Total other financing sources	- -	125,000	- -	- -	- -	- -
<b>Net Change in Fund Balances</b>	(421,172)	108,234	(620)	(274,368)	2,032	
<b>Fund Balances - Beginning of year</b>	652,569	1,513,739	22,186	924,474	573,667	
<b>Fund Balances - End of year</b>	<b>\$ 231,397</b>	<b>\$ 1,621,973</b>	<b>\$ 21,566</b>	<b>\$ 650,106</b>	<b>\$ 575,699</b>	

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**

**Year Ended December 31, 2021**

Cable Commission	Special Revenue Funds			Capital Project Funds			Total
	Parks and Recreation	Michigan Indigent Defense	Grant Fund	Improvement Revolving	Capital Project Allocation		
\$	\$	\$	\$	\$	\$	\$	
-	-	1,115,700	-	-	16,146	-	3,150,403
256,342	99,647	147,632	-	-	-	-	617,313
	353,862	-	-	-	-	-	361,480
	-	-	-	-	-	-	610,204
	-	-	-	-	-	-	139,429
4,787	11,289	1,624	11,856	44,173	27,990	28,990	44,173
	-	-	-	-	-	-	107,701
	39,975	-	-	-	9,748	-	14,728
121,370	-	-	-	-	-	-	77,994
							121,370
382,499	1,620,473	149,256	11,856	98,057	28,990		5,260,941
315,383	-	147,632	-	-	-	-	463,015
-	-	-	-	-	-	-	290,359
-	-	-	-	32,882	-	-	32,882
-	-	-	-	-	-	-	858,359
10,005	1,609,742	-	-	-	-	-	3,740,494
	130,082	-	-	992,057	986,842		2,520,220
325,388	1,739,824	147,632	-	1,024,939	986,842		7,905,329
57,111	(119,351)	1,624	11,856	(926,882)	(957,852)		(2,644,388)
-	275,000	31,706	-	1,100,000	1,860,000		3,391,706
-	(20,000)	-	-	-	-	-	(20,000)
-	-	-	-	3,611	-	-	3,611
-	255,000	31,706	-	1,103,611	1,860,000		3,375,317
57,111	135,649	33,330	11,856	176,729	902,148		730,929
807,582	1,219,102	67,089	-	4,662,628	5,733,740		16,176,776
<b>\$ 864,693</b>	<b>\$ 1,354,751</b>	<b>\$ 100,419</b>	<b>\$ 11,856</b>	<b>\$ 4,839,357</b>	<b>\$ 6,635,888</b>		<b>\$ 16,907,705</b>

## Charter Township of Waterford

### Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Community Development Block Grant

Year Ended December 31, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue - Intergovernmental</b>	\$ 304,000	\$ 808,775	\$ 438,381	\$ (370,394)
<b>Expenditures - Current services - Community and economic development</b>	808,775	808,775	859,553	(50,778)
<b>Net Change in Fund Balance</b>	(504,775)	-	(421,172)	(421,172)
<b>Fund Balance - Beginning of year</b>	652,569	652,569	652,569	-
<b>Fund Balance - End of year</b>	<b>\$ 147,794</b>	<b>\$ 652,569</b>	<b>\$ 231,397</b>	<b>\$ (421,172)</b>

## Charter Township of Waterford

### Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Library

**Year Ended December 31, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 2,013,460	\$ 2,013,460	\$ 2,034,703	\$ 21,243
Intergovernmental	65,500	65,500	75,050	9,550
Fines and forfeitures	137,500	137,500	139,429	1,929
Investment income	25,744	25,744	14,614	(11,130)
Other revenue	3,500	3,500	4,091	591
 Total revenue	 2,245,704	 2,245,704	 2,267,887	 22,183
<b>Expenditures</b>				
Current services - Recreation and culture -				
Library	2,203,132	2,329,885	2,118,510	211,375
Capital outlay	185,560	185,560	166,143	19,417
 Total expenditures	 2,388,692	 2,515,445	 2,284,653	 230,792
<b>Excess of Expenditures Over Revenue</b>	 (142,988)	 (269,741)	 (16,766)	 252,975
<b>Other Financing Sources - Transfers in</b>	 -	 125,000	 125,000	 -
<b>Net Change in Fund Balance</b>	 (142,988)	 (144,741)	 108,234	 252,975
<b>Fund Balance - Beginning of year</b>	 1,513,739	 1,513,739	 1,513,739	 -
<b>Fund Balance - End of year</b>	 <b>\$ 1,370,751</b>	 <b>\$ 1,368,998</b>	 <b>\$ 1,621,973</b>	 <b>\$ 252,975</b>

## Charter Township of Waterford

### Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Library Donations

**Year Ended December 31, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b> - Other revenue - Local donations	\$ 11,000	\$ 11,000	\$ 12,179	\$ 1,179
<b>Expenditures</b>				
Current services - Recreation and culture -				
Library	10,000	10,000	12,242	(2,242)
Capital outlay	1,000	1,000	557	443
Total expenditures	<u>11,000</u>	<u>11,000</u>	<u>12,799</u>	<u>(1,799)</u>
<b>Net Change in Fund Balance</b>	-	-	(620)	(620)
<b>Fund Balance</b> - Beginning of year	<u>22,186</u>	<u>22,186</u>	<u>22,186</u>	<u>-</u>
<b>Fund Balance</b> - End of year	<u><b>\$ 22,186</b></u>	<u><b>\$ 22,186</b></u>	<u><b>\$ 21,566</b></u>	<u><b>\$ (620)</b></u>

## Charter Township of Waterford

### Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Police Restricted Use

**Year Ended December 31, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 218,083	\$ 183,083
Investment income	10,925	10,925	4,519	(6,406)
Other revenue	<u>23,000</u>	<u>23,000</u>	<u>26,729</u>	<u>3,729</u>
Total revenue	68,925	68,925	249,331	180,406
<b>Expenditures - Current - Public safety</b>	<u>224,944</u>	<u>224,944</u>	<u>523,699</u>	<u>(298,755)</u>
<b>Net Change in Fund Balance</b>	(156,019)	(156,019)	(274,368)	(118,349)
<b>Fund Balance - Beginning of year</b>	<u>924,474</u>	<u>924,474</u>	<u>924,474</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<b><u>\$ 768,455</u></b>	<b><u>\$ 768,455</u></b>	<b><u>\$ 650,106</u></b>	<b><u>\$ (118,349)</u></b>

## Charter Township of Waterford

### Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Nature Center

**Year Ended December 31, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue - Investment income</b>	\$ 5,250	\$ 5,250	\$ 2,032	\$ (3,218)
<b>Expenditures</b>	-	-	-	-
<b>Net Change in Fund Balance</b>	5,250	5,250	2,032	(3,218)
<b>Fund Balance - Beginning of year</b>	<u>573,667</u>	<u>573,667</u>	<u>573,667</u>	-
<b>Fund Balance - End of year</b>	<b><u>\$ 578,917</u></b>	<b><u>\$ 578,917</u></b>	<b><u>\$ 575,699</u></b>	<b><u>\$ (3,218)</u></b>

## Charter Township of Waterford

### Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Cable Commission

**Year Ended December 31, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Charges for services	\$ 255,761	\$ 255,761	\$ 256,342	\$ 581
Investment income	7,897	7,897	4,787	(3,110)
Other revenue	<u>119,733</u>	<u>119,733</u>	<u>121,370</u>	<u>1,637</u>
Total revenue	383,391	383,391	382,499	(892)
<b>Expenditures</b>				
Current services - General government	350,595	350,595	315,383	35,212
Capital outlay	<u>17,650</u>	<u>17,650</u>	<u>10,005</u>	<u>7,645</u>
Total expenditures	<u>368,245</u>	<u>368,245</u>	<u>325,388</u>	<u>42,857</u>
<b>Net Change in Fund Balance</b>				
	15,146	15,146	57,111	41,965
<b>Fund Balance - Beginning of year</b>	<u>807,582</u>	<u>807,582</u>	<u>807,582</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<b><u>\$ 822,728</u></b>	<b><u>\$ 822,728</u></b>	<b><u>\$ 864,693</u></b>	<b><u>\$ 41,965</u></b>

## Charter Township of Waterford

### Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Parks and Recreation

**Year Ended December 31, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 1,109,831	\$ 1,109,831	\$ 1,115,700	\$ 5,869
Intergovernmental	29,100	29,100	99,647	70,547
Charges for services	429,950	429,950	353,862	(76,088)
Investment income	17,102	17,102	11,289	(5,813)
Other revenue	15,000	15,000	39,975	24,975
Total revenue	1,600,983	1,600,983	1,620,473	19,490
<b>Expenditures</b>				
Current services - Recreation and culture	1,728,476	1,805,845	1,609,742	196,103
Capital outlay	146,350	146,350	130,082	16,268
Total expenditures	1,874,826	1,952,195	1,739,824	212,371
<b>Excess of Expenditures Over Revenue</b>	(273,843)	(351,212)	(119,351)	231,861
<b>Other Financing Sources (Uses)</b>				
Transfers in	200,000	275,000	275,000	-
Transfers out	(20,000)	(20,000)	(20,000)	-
Sale of capital assets	350	350	-	(350)
Total other financing sources	180,350	255,350	255,000	(350)
<b>Net Change in Fund Balance</b>	(93,493)	(95,862)	135,649	231,511
<b>Fund Balance - Beginning of year</b>	1,219,102	1,219,102	1,219,102	-
<b>Fund Balance - End of year</b>	<b>\$ 1,125,609</b>	<b>\$ 1,123,240</b>	<b>\$ 1,354,751</b>	<b>\$ 231,511</b>

## Charter Township of Waterford

### Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Michigan Indigent Defense

**Year Ended December 31, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Intergovernmental Investment income	\$ 196,503 870	\$ 196,503 870	\$ 147,632 1,624	\$ (48,871) 754
Total revenue	197,373	197,373	149,256	(48,117)
<b>Expenditures</b>				
Current services - General government	203,600	240,900	\$ 147,632	93,268
Capital outlay	16,245	16,245	-	16,245
Total expenditures	219,845	257,145	147,632	109,513
<b>Excess of Revenue (Under) Over Expenditures</b>	(22,472)	(59,772)	1,624	61,396
<b>Other Financing Sources - Transfers in</b>	23,342	31,216	31,706	490
<b>Net Change in Fund Balance</b>	870	(28,556)	33,330	61,886
<b>Fund Balance - Beginning of year</b>	67,089	67,089	67,089	-
<b>Fund Balance - End of year</b>	<b>\$ 67,959</b>	<b>\$ 38,533</b>	<b>\$ 100,419</b>	<b>\$ 61,886</b>

## Charter Township of Waterford

### Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Grant Fund

**Year Ended December 31, 2021**

	<u>Original Budget</u> (Unaudited)	<u>Amended Budget</u> (Unaudited)	<u>Actual</u>	<u>Variance with Amended Budget</u> (Unaudited)
<b>Revenue</b>				
Intergovernmental	\$ -	\$ 4,640,006	\$ -	\$ (4,640,006)
Investment income	- -	- -	11,856	11,856
Total revenue	- -	4,640,006	11,856	(4,628,150)
<b>Expenditures</b>	- -	- -	- -	- -
<b>Net Change in Fund Balance</b>	- -	4,640,006	11,856	(4,628,150)
<b>Fund Balance - Beginning of year</b>	- -	- -	- -	- -
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ 4,640,006</u>	<u>\$ 11,856</u>	<u>\$ (4,628,150)</u>

## Charter Township of Waterford

### Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Improvement Revolving

**Year Ended December 31, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Special assessments	\$ 5,000	\$ 5,000	\$ 16,146	\$ 11,146
Intergovernmental	45,000	45,000	-	(45,000)
Licenses and permits	30,000	30,000	44,173	14,173
Investment income	39,776	39,776	27,990	(11,786)
Other revenue	10,000	10,000	9,748	(252)
Total revenue	129,776	129,776	98,057	(31,719)
<b>Expenditures</b>				
Current services - General government	90,250	89,850	32,882	56,968
Capital outlay	992,500	1,445,628	992,057	453,571
Total expenditures	1,082,750	1,535,478	1,024,939	510,539
<b>Excess of Expenditures Over Revenue</b>	(952,974)	(1,405,702)	(926,882)	478,820
<b>Other Financing Sources</b>				
Transfers in	600,000	1,100,000	1,100,000	-
Sale of capital assets	-	-	3,611	3,611
Total other financing sources	600,000	1,100,000	1,103,611	3,611
<b>Net Change in Fund Balance</b>	(352,974)	(305,702)	176,729	482,431
<b>Fund Balance - Beginning of year</b>	4,662,628	4,662,628	4,662,628	-
<b>Fund Balance - End of year</b>	<b>\$ 4,309,654</b>	<b>\$ 4,356,926</b>	<b>\$ 4,839,357</b>	<b>\$ 482,431</b>

## Charter Township of Waterford

### Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Capital Project Allocation Fund

**Year Ended December 31, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue - Investment income</b>	\$ 13,500	\$ 13,500	\$ 28,990	\$ 15,490
<b>Expenditures - Capital outlay</b>	<u>-</u>	<u>-</u>	<u>986,842</u>	<u>(986,842)</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	13,500	13,500	(957,852)	(971,352)
<b>Other Financing Sources - Transfers in</b>	320,001	1,825,001	1,860,000	34,999
<b>Net Change in Fund Balance</b>	333,501	1,838,501	902,148	(936,353)
<b>Fund Balance - Beginning of year</b>	5,733,740	5,733,740	5,733,740	<u>-</u>
<b>Fund Balance - End of year</b>	<u><b>\$ 6,067,241</b></u>	<u><b>\$ 7,572,241</b></u>	<u><b>\$ 6,635,888</b></u>	<u><b>\$ (936,353)</b></u>

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 Fund***

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.

## Charter Township of Waterford

### Other Supplemental Information Combining Statement of Net Position Internal Service Funds

December 31, 2021

	Motor Pool Fund	Fire Unemployment Costs Fund	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 207,772	\$ 251,836	\$ 459,608
Inventory	79,365	-	79,365
Total current assets	287,137	251,836	538,973
Noncurrent assets - Capital assets - Assets subject to depreciation - Net	318,759	-	318,759
Total assets	605,896	251,836	857,732
<b>Liabilities</b>			
Current liabilities - Accounts payable	26,641	2,912	29,553
Noncurrent liabilities - Accrued liabilities	-	248,924	248,924
Total liabilities	26,641	251,836	278,477
<b>Net Position</b>			
Net investment in capital assets	318,759	-	318,759
Unrestricted	260,496	-	260,496
Total net position	<u>\$ 579,255</u>	<u>\$ -</u>	<u>\$ 579,255</u>

## Charter Township of Waterford

### Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds

Year Ended December 31, 2021

	Motor Pool Fund	Unemployment Costs Fund	Fire	Total
<b>Operating Expenses</b>				
Unemployment cost	\$ -	\$ 33	\$ 33	
Depreciation	137,301	-		137,301
Total operating expenses	137,301	33		137,334
<b>Operating Loss</b>	(137,301)	(33)		(137,334)
<b>Nonoperating Revenue (Expense)</b>				
Investment (loss) income	968	33	1,001	
Loss on sale of assets	(3,107)	-		(3,107)
Total nonoperating (expense) revenue	(2,139)	33		(2,106)
<b>Change in Net Position</b>	(139,440)	-		(139,440)
<b>Net Position - Beginning of year</b>	718,695	-		718,695
<b>Net Position - End of year</b>	<b>\$ 579,255</b>	<b>\$ -</b>	<b>\$ 579,255</b>	

## Charter Township of Waterford

### Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds

Year Ended December 31, 2021

	Motor Pool Fund	Unemployment Costs Fund	Fire	Total
<b>Cash Flows from Operating Activities</b>				
Payments to suppliers	\$ (1,657)	\$ -	\$ (1,657)	
Claims paid	-	(5,899)	(5,899)	
Other receipts	6,756	-	6,756	
Net cash and cash equivalents provided by (used in) operating activities	5,099	(5,899)	(800)	
<b>Cash Flows Provided by Financing Activities - Proceeds from sale of capital assets</b>				
	5,243	-	-	5,243
<b>Cash Flows Provided by Investing Activities - Interest received on investments</b>				
	968	33	1,001	
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>				
	11,310	(5,866)	5,444	
<b>Cash and Cash Equivalents - Beginning of year</b>				
	196,462	257,702	454,164	
<b>Cash and Cash Equivalents - End of year</b>				
	<b>\$ 207,772</b>	<b>\$ 251,836</b>	<b>\$ 459,608</b>	
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>				
Operating loss	\$ (137,301)	\$ (33)	\$ (137,334)	
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation	137,301	-	137,301	
Changes in assets and liabilities:				
Receivables	6,756	-	6,756	
Inventories	(10,676)	-	(10,676)	
Accounts payable	9,019	-	9,019	
Estimated claims liability	-	(5,866)	(5,866)	
Net cash and cash equivalents provided by (used in) operating activities	<b>\$ 5,099</b>	<b>\$ (5,899)</b>	<b>\$ (800)</b>	

Fiduciary funds are used to account for assets held by the government in a trustee capacity.

***Custodial Funds***

These funds account for fiduciary activities that are not required to be reported as trust funds.

***Pension and Other Postemployment Trust Funds***

The Township operates two retirement systems and one retiree health care 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

## Other Supplemental Information Combining Statement of Fiduciary Net Position Fiduciary Funds

December 31, 2021

	Pension and Other Employee Benefit Trust Funds					Custodial Funds			
	Police and Fire Pension	General Employees' Pension	Other Postemployment Benefit Trust	Total	Tax Collections		District Court	Weed Control	Total
<b>Assets</b>									
Cash and cash equivalents	\$ 56,373	\$ 42,079	\$ 7,696,607	\$ 7,795,059	\$ 6,737,943	\$ 67,466	\$ 564,903	\$ 7,370,312	
Investments:									
Fixed-income funds	-	17,515,686	3,979,363	21,495,049	-	-	-	-	
Publicly traded partnerships	24,665,118	2,341,778	392,128	27,399,024	-	-	-	-	
Stocks	42,421,163	47,586,020	29,012,132	119,019,315	-	-	-	-	
Mutual funds	44,813,579	8,501,534	-	53,315,113	-	-	-	-	
Real estate investment funds	6,213,563	4,105,047	-	10,318,610	-	-	-	-	
Pension manager short-term funds	3,623,934	2,312,776	-	5,936,710	-	-	-	-	
Securities lending short-term collateral bank investment pool - Mutual funds	-	781,387	-	781,387	-	-	-	-	
Receivables:									
Property taxes receivable	-	-	-	-	2,877,019	-	-	-	2,877,019
Special assessments receivable	-	-	-	-	-	-	-	114,273	114,273
Prepaid items	595,638	400,867	-	996,505	-	-	-	-	-
Total assets	122,389,368	83,587,174	41,080,230	247,056,772	9,614,962	67,466	679,176	10,361,604	
<b>Liabilities</b>									
Accounts payable	15,705	11,541	-	27,246	-	-	8,055	8,055	
Due to other governmental units	-	-	-	-	6,598,989	-	-	-	6,598,989
Accrued liabilities and other	-	479,217	-	479,217	138,954	67,466	-	-	206,420
Obligations under securities lending agreements	-	792,928	-	792,928	-	-	-	-	-
Total liabilities	15,705	1,283,686	-	1,299,391	6,737,943	67,466	8,055	6,813,464	
Deferred Inflows of Resources - Property taxes and special assessments levied for the following year	-	-	-	-	2,877,019	-	282,709	3,159,728	
Total liabilities and deferred inflows of resources	15,705	1,283,686	-	1,299,391	9,614,962	67,466	290,764	9,973,192	
<b>Net Position</b>									
Restricted:									
Pension	122,373,663	82,303,488	-	204,677,151	-	-	-	-	
Postemployment benefits other than pension	-	-	41,080,230	41,080,230	-	-	-	-	
Individuals, organizations, and other governments	-	-	-	-	-	-	388,412	388,412	
Total net position	\$ 122,373,663	\$ 82,303,488	\$ 41,080,230	\$ 245,757,381	\$ -	\$ -	\$ 388,412	\$ 388,412	

## Charter Township of Waterford

### Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds

Year Ended December 31, 2021

	Pension and Other Employee Benefit Trust Funds					Custodial Funds			
	Police and Fire Pension	General Employees' Pension	Other Postemployment Benefit Trust	Total	Tax Collections	District Court	Weed Control	Total	
<b>Additions</b>									
Investment income (loss):									
Interest and dividends	\$ 2,752,678	\$ 787,179	\$ 1,795,295	\$ 5,335,152	-	\$ -	\$ -	\$ -	
Net increase in fair value of investments	15,683,041	10,918,022	3,829,388	30,430,451	-	-	-	-	
Investment costs	(498,370)	(358,092)	(181,922)	(1,038,384)	-	-	-	-	
Net investment income	17,937,349	11,347,109	5,442,761	34,727,219	-	-	-	-	
Contributions:									
Employer contributions	3,051,813	858,317	12,849,688	16,759,818	-	-	-	-	
Employee contributions	303,661	5,120	45,990	354,771	-	-	-	-	
Total contributions	3,355,474	863,437	12,895,678	17,114,589	-	-	-	-	
Property tax collections	-	-	-	-	65,710,001	-	-	65,710,001	
Special assessments	-	-	-	-	-	-	327,999	327,999	
District court receipts	-	-	-	-	-	608,251	-	608,251	
Total additions	21,292,823	12,210,546	18,338,439	51,841,808	65,710,001	608,251	327,999	66,646,251	
<b>Deductions</b>									
Benefit payments	7,989,006	4,461,727	7,849,727	20,300,460	-	-	-	-	
Administrative expenses	25,979	54,851	5,665	86,495	-	-	-	-	
Tax distributions to other governments	-	-	-	-	65,710,001	-	-	65,710,001	
Weed control	-	-	-	-	-	-	288,916	288,916	
District court disbursements	-	-	-	-	-	608,251	-	608,251	
Total deductions	8,014,985	4,516,578	7,855,392	20,386,955	65,710,001	608,251	288,916	66,607,168	
<b>Net Increase in Fiduciary Net Position</b>	<b>13,277,838</b>	<b>7,693,968</b>	<b>10,483,047</b>	<b>31,454,853</b>	<b>-</b>	<b>-</b>	<b>39,083</b>	<b>39,083</b>	
<b>Net Position - Beginning of year</b>	<b>109,095,825</b>	<b>74,609,520</b>	<b>30,597,183</b>	<b>214,302,528</b>	<b>-</b>	<b>-</b>	<b>349,329</b>	<b>349,329</b>	
<b>Net Position - End of year</b>	<b>\$ 122,373,663</b>	<b>\$ 82,303,488</b>	<b>\$ 41,080,230</b>	<b>\$ 245,757,381</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 388,412</b>	<b>\$ 388,412</b>	

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## Statistical Section

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This part of the Township's Annual Comprehensive 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

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	As of December 31,			
	2012	2013	2014	2015 *
<b>Governmental Activities:</b>				
Net investment in capital assets	\$ 47,298,593	\$ 46,738,188	\$ 46,799,756	\$ 47,424,323
Restricted	5,262,167	5,058,980	5,299,562	5,512,742
Unrestricted	<u>(9,709,009)</u>	<u>(12,613,301)</u>	<u>(14,614,667)</u>	<u>(35,750,457)</u>
Total net position	<b><u>\$ 42,851,751</u></b>	<b><u>\$ 39,183,867</u></b>	<b><u>\$ 37,484,651</u></b>	<b><u>\$ 17,186,608</u></b>
<b>Business-type Activities:</b>				
Net investment in capital assets	\$ 71,328,214	\$ 74,702,495	\$ 76,598,026	\$ 75,365,037
Restricted	2,084,405	2,150,295	813,588	2,998,522
Unrestricted	<u>14,110,363</u>	<u>14,968,603</u>	<u>14,544,118</u>	<u>13,754,631</u>
Total net position	<b><u>\$ 87,522,982</u></b>	<b><u>\$ 91,821,393</u></b>	<b><u>\$ 91,955,732</u></b>	<b><u>\$ 92,118,190</u></b>
<b>Primary Government in Total:</b>				
Net investment in capital assets	\$ 118,626,807	\$ 121,440,683	\$ 123,397,782	\$ 122,789,360
Restricted	7,346,572	7,209,275	6,113,150	8,511,264
Unrestricted	<u>4,401,354</u>	<u>2,355,302</u>	<u>(70,549)</u>	<u>(21,995,826)</u>
Total net position	<b><u>\$ 130,374,733</u></b>	<b><u>\$ 131,005,260</u></b>	<b><u>\$ 129,440,383</u></b>	<b><u>\$ 109,304,798</u></b>

Source: Township's annual financial statements

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

## Net Position by Component

**Last Ten Fiscal Years**  
**(Unaudited)**

As of December 31,						
2016	2017	2018**	2019	2020	2021	
\$ 47,755,197	\$ 49,917,271	\$ 51,276,047	\$ 50,863,258	\$ 51,139,451	\$ 52,629,567	
5,573,050	5,006,923	5,027,552	4,947,475	4,779,142	4,668,478	
(40,613,351)	(43,621,655)	(132,654,683)	(122,242,179)	(106,615,527)	(82,653,824)	
<b>\$ 12,714,896</b>	<b>\$ 11,302,539</b>	<b>\$ (76,351,084)</b>	<b>\$ (66,431,446)</b>	<b>\$ (50,696,934)</b>	<b>\$ (25,355,779)</b>	
\$ 76,149,383	\$ 77,300,259	\$ 78,449,817	\$ 78,011,843	\$ 73,861,071	\$ 79,466,052	
1,098,158	2,342,415	1,572,136	786,958	6,253,705	386,799	
15,948,494	15,485,980	3,544,020	4,891,823	9,580,664	13,437,291	
<b>\$ 93,196,035</b>	<b>\$ 95,128,654</b>	<b>\$ 83,565,973</b>	<b>\$ 83,690,624</b>	<b>\$ 89,695,440</b>	<b>\$ 93,290,142</b>	
\$ 123,904,580	\$ 127,217,530	\$ 129,725,864	\$ 128,875,101	\$ 125,000,522	\$ 132,095,619	
6,671,208	7,349,338	6,599,688	5,734,433	11,032,847	5,055,277	
(24,664,857)	(28,135,675)	(129,110,663)	(117,350,356)	(97,034,863)	(69,216,533)	
<b>\$ 105,910,931</b>	<b>\$ 106,431,193</b>	<b>\$ 7,214,889</b>	<b>\$ 17,259,178</b>	<b>\$ 38,998,506</b>	<b>\$ 67,934,363</b>	

## Charter Township of Waterford

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	As of December 31,			
	2012	2013	2014	2015
<b>Expenses:</b>				
General government	\$ 6,941,413	\$ 7,540,276	\$ 7,371,411	\$ 8,468,129
District Court	2,252,893	2,292,718	2,382,795	2,023,796
Police and fire	29,836,433	32,017,761	32,860,164	33,814,996
Building inspection	1,499,568	1,081,438	1,091,307	1,137,157
Public works activities	831,566	507,388	378,338	341,865
Community & economic development	1,662,882	1,326,708	1,407,689	1,365,836
Recreation and culture	4,138,458	4,426,465	4,172,091	4,106,423
Interest on long-term debt	284,155	217,799	194,547	170,170
Total expenses	47,447,368	49,410,553	49,858,342	51,428,372
<b>Program revenues:</b>				
Charges for services				
General government	2,730,919	2,807,268	2,642,128	1,832,510
District Court	1,175,963	1,350,596	1,282,052	1,037,257
Police and fire	7,580,204	8,447,612	8,567,130	8,366,943
Building inspection	344,960	444,680	636,514	594,148
Community & economic development	93,411	89,110	131,987	131,393
Recreation and culture	1,289,312	1,353,572	1,311,791	1,368,111
Other activities	575,165	93,480	592,061	544,191
Total charges for services	13,789,934	14,586,318	15,163,663	13,874,553
Operating grants and contributions	992,965	2,861,831	4,515,109	4,841,171
Capital grants and contributions	896,439	18,657	117,289	38
Total program revenue	15,679,338	17,466,806	19,796,061	18,715,762
<b>Excess of Expenses Over Program Revenue</b>	<b>(31,768,030)</b>	<b>(31,943,747)</b>	<b>(30,062,281)</b>	<b>(32,712,610)</b>
<b>General revenues:</b>				
Property taxes	21,598,342	21,072,941	21,006,495	22,021,348
State-shared revenues	5,502,059	5,664,103	5,784,757	5,764,563
Unrestricted investment earnings/(loss)	96,075	145,472	237,100	176,563
Franchise fees	978,271	1,142,999	1,193,645	1,250,899
Miscellaneous	237,360	250,348	141,068	491,375
Total general revenues	28,412,107	28,275,863	28,363,065	29,704,748
<b>Special Items - Contribution of public safety assets</b>	<b>1,749,433</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>\$ (1,606,490)</b>	<b>\$ (3,667,884)</b>	<b>\$ (1,699,216)</b>	<b>\$ (3,007,862)</b>

Source: Township's annual financial statements

## Changes in Governmental Net Position

**Last Ten Fiscal Years**  
**(Unaudited)**

As of December 31,									
2016		2017		2018		2019		2020	2021
\$ 10,008,883	\$ 9,566,130	\$ 5,361,318	\$ 2,692,313	\$ 2,654,531	\$ (1,922,889)				
2,060,646	1,950,465	2,772,032	2,570,218	2,230,009	2,022,200				
32,607,963	31,148,383	38,386,451	33,854,132	28,832,069	24,350,585				
1,128,343	1,299,693	1,273,845	1,252,993	1,181,691	1,366,187				
447,811	644,788	818,722	670,260	671,591	835,880				
1,436,840	1,237,013	1,763,727	1,817,024	1,704,205	1,692,262				
4,235,473	4,457,445	5,146,552	3,718,735	3,467,112	3,161,179				
144,707	142,935	82,835	17,504	10,947	6,132				
<u>52,070,666</u>	<u>50,446,852</u>	<u>55,605,482</u>	<u>46,593,179</u>	<u>40,752,155</u>	<u>31,511,536</u>				
1,952,187	737,664	754,514	794,252	796,647	928,228				
1,072,440	1,089,797	1,114,223	1,041,707	785,457	922,189				
8,486,146	9,074,822	9,436,126	9,908,858	9,833,873	10,554,004				
667,341	703,837	1,142,404	877,047	592,755	801,177				
119,145	372,302	367,586	374,292	325,042	412,847				
1,345,423	1,127,118	1,145,407	1,177,979	275,601	493,291				
534,973	55,708	54,745	42,422	85,405	108,158				
<u>14,177,655</u>	<u>13,161,248</u>	<u>14,015,005</u>	<u>14,216,557</u>	<u>12,694,780</u>	<u>14,219,894</u>				
2,652,932	4,241,920	4,678,239	3,919,115	5,345,093	1,853,478				
32,731	5,000	10,940	14,501	100	-				
<u>16,863,318</u>	<u>17,408,168</u>	<u>18,704,184</u>	<u>18,150,173</u>	<u>18,039,973</u>	<u>16,073,372</u>				
(35,207,348)	(33,038,684)	(36,901,298)	(28,443,006)	(22,712,182)	(15,438,164)				
22,553,997	22,825,673	23,246,943	28,639,060	29,685,147	30,940,036				
5,913,916	6,403,176	6,603,644	6,852,470	6,796,110	7,896,046				
194,776	262,207	422,183	722,751	636,814	344,527				
1,243,092	1,210,578	1,141,743	1,131,587	1,099,017	1,103,363				
829,855	924,693	633,459	1,016,776	560,053	495,347				
<u>30,735,636</u>	<u>31,626,327</u>	<u>32,047,972</u>	<u>38,362,644</u>	<u>38,777,141</u>	<u>40,779,319</u>				
<u>\$ (4,471,712)</u>	<u>\$ (1,412,357)</u>	<u>\$ (4,853,326)</u>	<u>\$ 9,919,638</u>	<u>\$ 16,064,959</u>	<u>\$ 25,341,155</u>				

## Charter Township of Waterford

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	As of December 31,			
	2012	2013	2014	2015
<b>Operating Revenue</b>				
Water usage billings	\$ 5,411,677	\$ 4,680,162	\$ 4,916,805	\$ 5,767,266
Sewage disposal charges	12,824,921	14,273,975	15,211,866	15,606,349
Other sales to customers	28,365	33,323	24,770	32,237
Charges for services	253,335	263,518	288,726	262,479
Operating grants	373,980	36,976	10,536	-
Total operating revenue	18,892,278	19,287,954	20,452,703	21,668,331
<b>Operating Expenses</b>				
Cost of water	1,671,016	1,640,029	1,658,724	1,600,899
Cost of sewage disposal	7,343,946	8,294,563	9,005,056	9,259,783
Operation and maintenance costs	548,469	578,010	730,739	727,738
Billing and administrative costs	5,270,602	5,461,724	5,525,326	5,677,345
Depreciation	3,686,911	3,682,610	3,586,054	4,022,724
Total operating expenses	18,520,944	19,656,936	20,505,899	21,288,489
<b>Operating (Loss) Income</b>	371,334	(368,982)	(53,196)	379,842
<b>Nonoperating Revenue (Expenses)</b>				
Gain (loss) on sale of assets	-	12,304	11,960	-
Operating grants	-	-	-	-
Investment income	66,050	110,795	135,605	114,119
Interest expense	(351,397)	(441,360)	(379,690)	(576,350)
Total nonoperating revenue (expense)	(285,347)	(318,261)	(232,125)	(462,231)
<b>Income (Loss) - Before contributions</b>	85,987	(687,243)	(285,321)	(82,389)
<b>Transfers In - Net</b>	-	-	-	-
<b>Capital Contributions</b>	96,601	4,985,654	419,660	750,175
<b>Change in Net Position</b>	182,588	4,298,411	134,339	667,786
<b>Change in Primary Government Net Position</b>				
Change in governmental net position	(1,606,490)	(3,667,884)	(1,699,216)	(3,007,862)
Change in business-type net position	182,588	4,298,411	134,339	667,786
Total change in primary government net position	\$ (1,423,902)	\$ 630,527	\$ (1,564,877)	\$ (2,340,076)

Source: Township's annual financial statements

## Changes in Business-type Net Position

**Last Ten Fiscal Years**

**(Unaudited)**

As of December 31,					
2016	2017	2018	2019	2020	2021
\$ 6,012,824	\$ 5,793,618	\$ 5,818,649	\$ 6,134,309	\$ 6,895,847	\$ 6,710,974
16,506,995	16,673,937	17,205,120	17,541,306	17,950,840	17,413,909
24,730	39,044	42,682	33,771	32,627	36,825
466,141	500,839	434,160	385,026	394,422	437,165
-	-	348,335	124,560	-	-
<u>23,010,690</u>	<u>23,007,438</u>	<u>23,848,946</u>	<u>24,218,972</u>	<u>25,273,736</u>	<u>24,598,873</u>
 1,690,175	 1,721,613	 1,710,431	 1,727,482	 1,806,859	 1,970,478
9,166,971	9,677,724	9,980,975	10,192,062	9,820,447	9,593,868
799,509	896,008	1,041,300	2,328,329	751,566	1,011,956
5,847,148	5,057,079	4,795,245	4,458,218	1,929,440	2,409,702
4,138,057	5,062,949	5,286,323	5,514,070	5,642,313	5,840,697
<u>21,641,860</u>	<u>22,415,373</u>	<u>22,814,274</u>	<u>24,220,161</u>	<u>19,950,625</u>	<u>20,826,701</u>
 1,368,830	 592,065	 1,034,672	 (1,189)	 5,323,111	 3,772,172
 (95,143)	 101,451	 12,012	 53,598	 8,593	 -
-	469,295	-	-	-	-
107,899	146,368	314,230	307,450	520,139	(141,600)
(522,830)	(508,114)	(725,060)	(728,440)	(721,910)	(741,313)
<u>(510,074)</u>	<u>209,000</u>	<u>(398,818)</u>	<u>(367,392)</u>	<u>(193,178)</u>	<u>(882,913)</u>
 858,756	 801,065	 635,854	 (368,581)	 5,129,933	 2,889,259
 -	 -	 -	 -	 -	 -
219,089	1,131,554	902,428	493,232	874,883	705,443
<u>1,077,845</u>	<u>1,932,619</u>	<u>1,538,282</u>	<u>124,651</u>	<u>6,004,816</u>	<u>3,594,702</u>
 (4,471,712)	 (1,412,357)	 (4,853,326)	 9,919,638	 16,064,959	 25,341,155
<u>1,077,845</u>	<u>1,932,619</u>	<u>1,538,282</u>	<u>124,651</u>	<u>6,004,816</u>	<u>3,594,702</u>
 <u>\$ (3,393,867)</u>	 <u>\$ 520,262</u>	 <u>\$ (3,315,044)</u>	 <u>\$ 10,044,289</u>	 <u>\$ 22,069,775</u>	 <u>\$ 28,935,857</u>

## Charter Township of Waterford

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	As of December 31,			
	2012	2013	2014	2015
<b>General Fund:</b>				
Nonspendable	\$ 40,404	\$ 41,130	\$ 102,118	\$ 176,681
Committed	-	1,453,123	1,820,048	2,125,140
Assigned	793,124	-	-	-
Unassigned	1,872,425	2,892,642	4,412,750	5,804,705
Total general fund	2,705,953	4,386,895	6,334,916	8,106,526
<b>All other governmental funds:</b>				
Nonspendable	3,466	29,782	7	271,341
Restricted	3,870,100	3,610,425	3,870,972	4,029,098
Committed	-	-	-	145,000
Assigned	4,942,477	5,757,190	6,890,698	7,820,864
Total General Fund and all other governmental funds	<b>\$ 11,521,996</b>	<b>\$ 13,784,292</b>	<b>\$ 17,096,593</b>	<b>\$ 20,372,829</b>

Source: Township's annual financial statements

## Fund Balances - Governmental Funds

**Last Ten Fiscal Years**  
**(Unaudited)**

As of December 31,									
2016		2017		2018		2019		2020	
\$ 96,798		\$ 192,148		\$ 68,596		\$ 87,676		\$ 6,409	\$ 191,834
2,551,284		2,745,602		3,070,045		3,549,529		4,375,238	5,557,955
64,373		534,566		-		-		-	-
<b>7,254,216</b>		<b>6,154,494</b>		<b>7,607,096</b>		<b>8,532,520</b>		<b>10,891,425</b>	<b>11,867,889</b>
<b>9,966,671</b>		<b>9,626,810</b>		<b>10,745,737</b>		<b>12,169,725</b>		<b>15,273,072</b>	<b>17,617,678</b>
2,668		276,216		3		997,588		1,014,422	524,524
4,018,863		3,812,681		3,901,915		3,816,298		3,603,925	3,097,049
441,499		591,235		1,054,391		3,246,590		4,746,898	6,131,864
<b>9,348,667</b>		<b>10,165,176</b>		<b>11,232,977</b>		<b>13,578,378</b>		<b>13,942,511</b>	<b>14,929,924</b>
<b>\$ 23,778,368</b>		<b>\$ 24,472,118</b>		<b>\$ 26,935,023</b>		<b>\$ 33,808,579</b>		<b>\$ 38,580,828</b>	<b>\$ 42,301,039</b>

## Charter Township of Waterford

	As of December 31,			
	2012	2013	2014	2015
<b>Revenue</b>				
Property taxes	\$ 21,220,749	\$ 20,688,982	\$ 20,932,159	\$ 22,039,689
Intergovernmental revenue	7,213,657	8,508,876	10,670,673	9,711,390
Licenses and permits	364,258	485,610	657,977	612,176
Fines and forfeitures	1,411,839	1,588,776	1,544,005	1,507,749
Charges for services	9,606,043	10,411,618	10,636,717	10,749,411
Special assessments	864,927	927,510	830,284	855,076
Interest and miscellaneous	2,824,124	2,989,638	2,720,465	2,907,439
Total revenue	43,505,597	45,601,010	47,992,280	48,382,930
<b>Expenditures</b>				
Current:				
General government and district court	7,615,207	7,534,310	7,349,954	7,185,480
Public safety	27,782,168	28,800,415	29,953,841	29,746,712
Community and economic development	1,671,165	1,336,629	1,358,975	1,300,250
Recreation and culture	3,412,416	3,615,923	3,426,284	3,593,989
Miscellaneous	36,378	43,925	68,175	-
Capital outlay	1,258,568	684,405	1,148,223	1,893,200
Debt administration:				
Principal	1,040,000	1,095,000	1,175,000	1,232,932
Interest	275,864	228,107	199,527	164,731
Total expenditures	43,091,766	43,338,714	44,679,979	45,117,294
<b>Excess of Revenue Over (Under) Expenditures</b>	413,831	2,262,296	3,312,301	3,265,636
<b>Other Financing Sources (Uses)</b>				
Face value of debt issue	957,919	-	-	-
Debt premium	27,722	-	-	-
Proceeds from sale of capital assets	-	-	-	10,600
Transfers in	7,550,000	7,605,000	7,345,000	8,267,500
Transfers out	(7,550,000)	(7,605,000)	(7,345,000)	(8,267,500)
Payment to bond refunding escrow agent	(966,477)	-	-	-
Total other financing sources (uses)	19,164	-	-	10,600
<b>Net change in fund balances</b>	432,995	2,262,296	3,312,301	3,276,236
<b>Fund Balances - Beginning of year</b>	11,089,001	11,521,996	13,784,292	17,096,593
<b>Fund Balances - End of year</b>	<b>\$ 11,521,996</b>	<b>\$ 13,784,292</b>	<b>\$ 17,096,593</b>	<b>\$ 20,372,829</b>
Debt service as a percentage of noncapital expenditures	3.15%	3.10%	3.16%	3.23%

Note: 2020 beginning of year fund balance was restated as a result of implementing GASB Statement No. 84

## Changes in Fund Balances - Governmental Funds

**Last Ten Fiscal Years**

**(Unaudited)**

As of December 31,								
2016		2017		2018		2019	2020	2021
\$ 22,528,159	\$ 22,828,163	\$ 23,242,014	\$ 28,647,354	\$ 29,676,669	\$ 30,948,924			
8,685,835	10,706,072	11,033,711	10,464,386	11,379,894	9,507,515			
696,992	723,426	1,226,493	972,933	664,630	901,237			
1,501,791	1,576,247	1,576,665	1,539,971	1,144,655	1,490,579			
10,847,802	11,226,029	11,490,680	11,858,005	11,255,309	12,381,995			
837,264	328,236	322,266	324,748	17,157	16,146			
3,052,781	3,578,267	3,210,417	4,035,063	3,528,812	3,268,441			
48,150,624	50,966,440	52,102,246	57,842,460	57,667,126	58,514,837			
7,796,775	9,019,979	7,898,940	8,659,899	9,274,752	9,120,624			
29,410,301	32,110,975	32,779,431	34,114,138	35,164,379	35,560,835			
1,357,980	1,273,026	1,475,980	1,798,749	1,972,888	2,299,651			
3,618,730	3,798,000	3,793,252	4,222,055	3,491,142	3,740,494			
-	53,953	179,578	98,693	116,028	32,882			
1,372,641	2,601,873	1,732,409	2,178,085	2,446,302	3,786,632			
1,344,032	1,404,429	1,710,008	119,162	123,654	265,457			
127,970	149,663	83,210	13,272	10,106	7,254			
45,028,429	50,411,898	49,652,808	51,204,053	52,599,251	54,813,829			
3,122,195	554,542	2,449,438	6,638,407	5,067,875	3,701,008			
276,699	-	-	-	-	-			
-	-	-	-	-	-			
6,645	139,208	13,467	235,149	34,821	19,203			
9,007,500	10,067,500	9,202,500	17,607,398	15,138,190	15,979,140			
(9,007,500)	(10,067,500)	(9,202,500)	(17,607,398)	(15,138,190)	(15,979,140)			
-	-	-	-	-	-			
283,344	139,208	13,467	235,149	34,821	19,203			
3,405,539	693,750	2,462,905	6,873,556	5,102,696	3,720,211			
20,372,829	23,778,368	24,472,118	26,935,023	33,478,132	38,580,828			
<b>\$ 23,778,368</b>	<b>\$ 24,472,118</b>	<b>\$ 26,935,023</b>	<b>\$ 33,808,579</b>	<b>\$ 38,580,828</b>	<b>\$ 42,301,039</b>			

3.37%

3.25%

3.74%

0.27%

0.27%

0.53%

## Charter Township of Waterford

## General Governmental Revenue History

**Last Ten Fiscal Years  
(Unaudited)**

Fiscal year	General Property Taxes	Intergovernmental Revenue	Special Assessments	Licenses and Permits	Fines and Fees	Charges for Services	Interest and Miscellaneous	Total Revenue
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
2017	22,828,163	10,706,072	328,236	723,426	1,576,247	11,226,029	3,578,267	50,966,440
2018	23,242,014	11,033,711	322,266	1,226,493	1,576,665	11,490,680	3,210,417	52,102,246
2019	28,647,354	10,464,386	324,748	972,933	1,539,971	11,858,005	4,035,063	57,842,460
2020	29,676,669	11,379,894	17,157	664,630	1,144,655	11,255,309	3,528,812	57,667,126
2021	30,948,924	9,507,515	16,146	901,237	1,490,579	12,381,995	3,268,441	58,514,837

NOTE: Includes all governmental-type funds

Source: Township annual financial statements

## Charter Township of Waterford

### General Governmental 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
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
2017	9,019,979	32,110,975	1,273,026	3,798,000	2,601,873	1,554,092	53,953	50,411,898
2018	7,898,940	32,779,431	1,475,980	3,793,252	1,732,409	1,793,218	179,578	49,652,808
2019	8,659,899	34,114,138	1,798,749	4,222,055	2,178,085	132,434	98,693	51,204,053
2020	9,274,752	35,164,379	1,972,888	3,491,142	2,446,302	133,760	116,028	52,599,251
2021	9,120,624	35,560,835	2,299,651	3,740,494	3,786,632	272,711	32,882	54,813,829

NOTE: Includes all governmental fund types under modified accrual accounting

Source: Township annual financial statements

## Charter Township of Waterford

### General Fund Balance Compared to Annual Expenditures

**Last Ten Fiscal Years  
(Unaudited)**

Fiscal year	Nonspendable Fund Balance	Restricted Fund Balance	Unrestricted Fund Balance	Annual Expenditures and Transfers	Unrestricted Fund Balance as a Percentage of Expenditures
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%
2017	192,148	-	9,434,662	20,198,298	46.71%
2018	68,596	-	10,677,141	19,433,985	54.94%
2019	87,676	-	12,082,049	19,806,459	61.00%
2020	6,409	-	15,266,663	19,246,198	79.32%
2021	191,834	-	17,425,844	20,258,914	86.02%

Source: Township annual financial statements

## Charter Township of Waterford

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Taxable Value by Property Type (1)

Real Property

Tax Year	Residential	Commercial	Industrial	Personal Property	Total Value
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
2017	1,591,768,390	346,359,740	28,031,370	77,964,300	2,044,123,800
2018	1,667,442,430	344,426,360	29,641,120	80,179,970	2,121,689,880
2019	1,760,280,880	360,026,370	31,602,690	87,805,490	2,239,715,430
2020	1,856,209,320	362,130,810	31,957,690	96,256,250	2,346,554,070
2021	1,954,392,660	371,883,920	32,384,460	100,816,380	2,459,477,420

(1) 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

## Assessed Value and Actual Value of Taxable Property

**Last Ten Years  
(Unaudited)**

Tax Rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
10.8896	3,948,172,000	48.90%
11.0796	3,951,590,330	48.23%
11.5800	4,114,381,038	46.28%
11.5796	4,548,921,312	42.73%
11.5064	4,998,497,592	39.64%
11.3266	5,387,595,720	37.94%
13.5791	5,601,838,470	37.87%
10.5256	6,095,120,070	36.75%
10.3809	6,587,142,980	35.62%
10.2310	6,904,775,380	35.62%

## Charter Township of Waterford

### Direct and Overlapping Property Tax Rates

Last Ten Years  
(Unaudited)

Tax Year	Millage Rates - Direct Township Taxes (1)				Overlapping Taxes				(2) Total Tax Rate:		
	General Operating	Debt	Special Assessment	Total Direct Taxes	County Combined (4)	Community College	Intermediate School District	School - Principal (3)	School - Non- principal (3)	Principal	Nonprincipal
2012	10.3896	0.5000	-	10.8896	4.9461	1.5844	3.3690	11.8500	29.8500	32.6391	50.6391
2013	10.3896	0.6900	-	11.0796	4.9461	1.5844	3.3690	13.0000	31.0000	33.9791	51.9791
2014	10.8896	0.6900	-	11.5796	4.9461	1.5844	3.3690	13.0000	31.0000	34.4791	52.4791
2015	10.8896	0.6900	-	11.5796	4.8450	1.5819	3.3633	13.0000	31.0000	34.3698	52.3698
2016	10.8164	0.6900	-	11.5064	4.7909	1.5707	3.3398	13.0000	31.0000	34.2078	52.2078
2017	10.6766	0.6500	-	11.3266	4.7849	1.5555	3.3079	13.0000	31.0000	33.9749	51.9749
2018	10.6291	-	2.9500	13.5791	4.7805	1.5431	3.2813	13.0000	31.0000	36.1840	54.1840
2019	10.5256	-	2.7800	13.3056	4.7748	1.5303	3.2539	12.7500	30.7500	35.6146	53.6146
2020	10.3809	-	2.9000	13.2809	4.7492	1.5184	3.2280	12.7500	30.7500	35.5265	53.5265
2021	10.2310	-	2.7500	12.9810	4.8544	1.5057	3.2012	12.4818	30.4818	35.0241	53.0241

(1) Includes general operating, fire, police, library, parks & rec, police & fire building debt and police & fire special assessment taxes.

(2) Previously termed Homestead and Non-homestead

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

(4) Combined rate includes County operating, County Parks & Rec, Huron Clinton Metro Authority, Zoo Authority & Art Institute

Source: Township Assessing Department records

## Charter Township of Waterford

## Principal Property Taxpayers

Current Year and Ten Years Ago  
(Unaudited)

	Type of Business	Year Ended December 31, 2021			Year Ended December 31, 2012		
		Taxable Value	Percentage of Total	Rank	Taxable Value	Percentage of Total	Rank
Detroit Edison	Utility	32,138,020	1.31%	1	26,695,130	1.38%	1
Consumers Energy	Utility	14,976,500	0.61%	2	6,134,200	0.32%	6
Cass Lake Shore Club	Apartment	8,916,250	0.36%	3	7,910,000	0.41%	3
Suburban Highland	Dealership	7,894,390	0.32%	4	-	N/A	N/A
Village Green	Apartment	7,516,720	0.31%	5	4,653,710	0.24%	9
Meijer	Retail	7,509,450	0.31%	6	6,505,070	0.34%	4
Penn Automotive	Manufacturing	6,849,670	0.28%	7	-	N/A	N/A
St Luke's Episcopal Health	Senior Housing	6,805,090	0.28%	8	-	N/A	N/A
Glengary Park Group	Apartment	6,747,660	0.27%	9	-	N/A	N/A
Rite Aid	Retail	6,511,300	0.26%	10	6,375,720	0.33%	5
Total		<b>\$ 105,865,050</b>	<b>4.30%</b>		<b>\$ 58,273,830</b>	<b>3.02%</b>	
Total taxable value for each year		<b>\$ 2,459,477,420</b>			<b>\$ 1,930,465,372</b>		

Source: Waterford Township Assessing Department records

## Charter Township of Waterford

## Property Tax Levies and Collections

**Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Total Levy	Collections	Percent Collected	Delinquent		Percent of Levy Collected	Delinquent Tax Receivable
				Collections	(Real)		
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	20,871,545	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
2017	23,121,178	22,070,784	95.46%	1,013,142	23,083,926	99.84%	36,247
2018	28,524,264	27,300,414	95.71%	1,187,040	28,487,455	99.87%	36,835
2019	29,556,658	28,308,116	95.78%	1,175,526	29,483,642	99.75%	31,042
2020	30,867,636	29,602,084	95.90%	1,184,925	30,787,009	99.74%	54,191
2021	31,651,357	30,267,808	95.63%	1,156,044	31,423,852	99.28%	51,532

Source: Township Treasurer's Office records

## Charter Township of Waterford

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	As of December 31, 2021			
	2012	2013	2014	2015
<b>Governmental Activities:</b>				
General obligation bonds	\$ 8,337,969	\$ 7,097,969	\$ 5,922,969	\$ 4,690,037
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Installment purchase agreements	-	-	-	672,614
Notes payable	-	-	-	-
Capital leases	-	-	-	-
<b>Total</b>	<b>8,337,969</b>	<b>7,097,969</b>	<b>5,922,969</b>	<b>5,362,651</b>
<b>Business-type Activities:</b>				
General obligation bonds	19,328,651	22,968,930	32,500,078	36,033,495
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Installment purchase agreements	-	-	-	-
Notes payable	-	-	-	-
Capital leases	-	-	-	-
<b>Total</b>	<b>19,328,651</b>	<b>22,968,930</b>	<b>32,500,078</b>	<b>36,033,495</b>
<b>Total Debt of the Government</b>	<b><u>27,666,620</u></b>	<b><u>30,066,899</u></b>	<b><u>38,423,047</u></b>	<b><u>41,396,146</u></b>
<b>Total Taxable Value</b>	<b>\$ 1,930,465,372</b>	<b>\$ 1,905,737,405</b>	<b>\$ 1,904,049,799</b>	<b>\$ 1,943,694,296</b>
<b>Ratio of Total Debt to Taxable Value</b>	<b>1.43%</b>	<b>1.58%</b>	<b>2.02%</b>	<b>2.13%</b>
<b>Total Population</b>	<b>72,171</b>	<b>72,645</b>	<b>72,181</b>	<b>72,503</b>
<b>Total Debt per Capita</b>	<b>\$ 383</b>	<b>\$ 414</b>	<b>\$ 532</b>	<b>\$ 571</b>
<b>Per Capita Personal Income</b>	<b>\$ 26,423</b>	<b>\$ 26,151</b>	<b>\$ 28,717</b>	<b>\$ 28,268</b>
<b>Ratio of Debt to Personal Income</b>	<b>1.45%</b>	<b>1.58%</b>	<b>1.85%</b>	<b>2.02%</b>

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

## Ratios of Outstanding Debt

**Last Ten Fiscal Years**  
**(Unaudited)**

As of December 31, 2021						
2016	2017	2018	2019	2020	2021	
\$ 3,378,736	\$ 1,984,066	\$ 508,273	\$ 389,111	\$ 265,457	\$ -	
-	-	-	-	-	-	
691,517	523,509	352,294	177,812	-	-	
243,974	234,210	-	-	-	-	
-	-	-	-	-	-	
<b>4,314,227</b>	<b>2,741,785</b>	<b>860,567</b>	<b>566,923</b>	<b>265,457</b>	<b>-</b>	
34,868,462	32,719,833	32,199,070	31,212,762	32,805,496	29,933,461	
-	-	-	-	-	-	
-	-	-	-	-	-	
61,337	58,883	-	-	-	-	
-	-	-	-	-	-	
<b>34,929,799</b>	<b>32,778,716</b>	<b>32,199,070</b>	<b>31,212,762</b>	<b>32,805,496</b>	<b>29,933,461</b>	
<b>\$ 39,244,026</b>	<b>\$ 35,520,501</b>	<b>\$ 33,059,637</b>	<b>\$ 31,779,685</b>	<b>\$ 33,070,953</b>	<b>\$ 29,933,461</b>	
\$ 1,981,453,406	\$ 2,044,123,800	\$ 2,121,689,880	\$ 2,239,715,430	\$ 2,346,554,070	\$ 2,459,477,420	
1.98%	1.74%	1.56%	1.42%	1.41%	1.22%	
72,756	72,863	72,948	73,142	72,976	72,842	
\$ 539	\$ 487	\$ 453	\$ 434	\$ 453	\$ 411	
\$ 31,149	\$ 29,189	\$ 33,551	\$ 33,831	\$ 38,630	\$ 35,419	
1.73%	1.67%	1.35%	1.28%	1.17%	1.16%	

## Charter Township of Waterford

### Ratios of General Bonded Debt Outstanding

**Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	General Obligation		Less Pledged		Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value		General Bonded Debt
	Bonds	Tax Supported Bonds	Debt Service Funds				Population	Per Capita	
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	
2017	33,343,899	1,360,000	176,212	34,527,687	2,044,123,800	1.69%	72,863	474	
2018	32,707,343	-	135,636	32,571,707	2,121,689,880	1.54%	72,948	447	
2019	31,701,873	-	-	31,701,873	2,239,715,430	1.42%	73,142	433	
2020	33,070,953	-	-	33,070,953	2,346,554,070	1.41%	72,976	453	
2021	29,933,461	-	-	29,933,461	2,459,477,420	1.22%	72,842	411	

Note: Special assessment bonds have been excluded.

Source: Township annual financial statements.

## Charter Township of Waterford

## Direct and Overlapping Debt

December 31, 2021  
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percent Applicable to Waterford	Estimated Share of Overlapping Debt
Oakland County	\$ 249,100,693	3.76%	\$ 9,366,186
School Districts:			
Clarkston school district	154,731,635	2.07%	3,202,945
Pontiac school district	116,094,135	2.09%	2,368,320
Waterford school district	137,910,000	85.63%	118,230,243
Oakland Community College	-	N/A	-
Intermediate school district	42,045,000	3.78%	1,589,301
Total overlapping debt	699,881,463		134,756,995
Direct Township debt (not including debt related to business-type activities)	-	- %	-
Total direct and overlapping debt	<u>\$ 699,881,463</u>		<u>\$ 134,756,995</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

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	As of December 31, 2021			
	2012	2013	2014	2015
<b>Calculation of Debt Limit: (1)</b>				
State equalized valuation	\$ 1,974,086,000	\$ 1,975,795,165	\$ 2,057,190,519	\$ 2,274,460,656
Debt limit (10% of SEV)	197,408,600	197,579,517	205,719,052	227,446,066
<b>Calculation of Debt Subject to Limit:</b>				
Total debt	27,666,620	30,066,899	38,423,047	41,396,146
Less debt not subject to limit:				
Installment purchase agreements	-	-	-	672,614
Notes payable	-	-	-	-
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Enterprise fund bonds	19,328,651	22,968,930	32,500,078	36,033,495
<b>Net Debt Subject to Limit</b>	<u>8,337,969</u>	<u>7,097,969</u>	<u>5,922,969</u>	<u>4,690,037</u>
<b>Legal Debt Margin</b>	<b><u>\$ 189,070,631</u></b>	<b><u>\$ 190,481,548</u></b>	<b><u>\$ 199,796,083</u></b>	<b><u>\$ 222,756,029</u></b>
<b>Net Debt Subject to Limit as Percentage of Debt Limit</b>	4.22%	3.59%	2.88%	2.06%

(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

## Legal Debt Margin

**Last Ten Fiscal Years**

**(Unaudited)**

**As of December 31, 2021**

2016	2017	2018	2019	2020	2021
\$ 2,499,248,796 249,924,880	\$ 2,693,797,860 269,379,786	\$ 2,800,919,235 280,091,924	\$ 3,047,560,035 304,756,004	\$ 3,293,571,490 329,357,149	\$ 3,452,387,690 345,238,769
39,244,026	35,520,501	33,059,637	31,779,685	33,070,953	29,933,461
691,517 305,311	523,509 293,098	352,294 -	177,812 -	- -	- -
- 34,868,462	- 32,719,833	- 32,199,070	- 31,212,762	- 32,805,496	- 29,933,461
3,378,736	1,984,061	508,273	389,111	265,457	-
<b>\$ 246,546,144</b>	<b>\$ 267,395,725</b>	<b>\$ 279,583,651</b>	<b>\$ 304,366,893</b>	<b>\$ 329,091,692</b>	<b>\$ 345,238,769</b>

1.35%                    0.74%                    0.18%                    0.13%                    0.08%                    0.00%

## Charter Township of Waterford

## Demographic and Economic Statistics

**Last Ten Fiscal Years  
(Unaudited)**

Fiscal year	Population	Estimated				
		Personal Income (in thousands)	Number of Households	Per Capita Personal Income	Median Age	Unemployment Rate
2012	72,171	(1)	27,700	26,423	37.5	8.8%
2013	72,645	(2)	29,523	26,151	39.6	8.9%
2014	72,181	(3)	29,612	28,717	40.0	6.8%
2015	72,503	(4)	29,255	28,268	40.7	4.6%
2016	72,756	(5)	30,342	31,149	40.5	4.0%
2017	72,863	(6)	29,525	29,189	41.0	3.6%
2018	72,948	(7)	32,284	33,551	41.7	3.5%
2019	73,142	(8)	30,659	33,831	41.5	3.2%
2020	72,976	(9)	32,003	38,630	41.9	8.6%
2021	72,842	(10)	30,833	35,419	42.0	3.5%

- (1) 2011 Census Department - American Community Survey Data Profile Review
- (2) 2012 Census Department - American Community Survey Data Profile Review
- (3) 2013 Census Department - American Community Survey Data Profile Review
- (4) 2014 Census Department - American Community Survey Data Profile Review
- (5) 2015 Census Department - American Community Survey Data Profile Review
- (6) 2016 Census Department - American Community Survey Data Profile Review
- (7) 2017 Census Department - American Community Survey Data Profile Review
- (8) 2018 Census Department - American Community Survey Data Profile Review
- (9) 2019 Census Department - American Community Survey Data Profile Review
- (10) 2020 Census Department - American Community Survey Data Profile Review

## Charter Township of Waterford

## Principal Employers

December 31, 2021

(Unaudited)

Employer	Enterprise	2021		2012	
		Employees (1) (2)	Percentage of Total	Employees	Percentage of Total
1 Oakland County	Government	1,490	3.7%	1,351	N/A
2 Waterford School District	Education	1,335	3.3%	1,404	N/A
3 Oakland Intermediary Schools	Education	477	1.2%	252	N/A
4 Township Of Waterford (2)	Government	413	1.0%	299	N/A
5 Penn Engineering	Manufacturing	291	0.7%	N/A	N/A
6 Oakland Community College*	Education	264	0.7%	166	N/A
7 Meijer	Retail	260	0.6%	244	N/A
8 Canterbury Healthcare, Inc.	Nursing Care	256	0.6%	223	N/A
9 Road Commission for Oakland County	Transportation	238	0.6%	419	N/A
10 Pentastar Aviation, LLC	Air Transportation	230	0.6%	228	N/A
Total		<u>5,254</u>			
Total Township Employment (1)		<u>40,077</u>			

(1) Data is from various sources including:  
2020 American Community Survey DP03

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

\*Direct hire and estimated Adjunct

## Charter Township of Waterford

## Full-time Equivalent Government Employees

Last Ten Fiscal Years  
(Unaudited)

Department	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Supervisor/Assessing	7	6	6	6	7	7	8	8	8	8
Clerk's Office	6	6	6	6	7	7	7	7	7	7
Treasurer's Office	6	6	6	6	6	6	6	6	7	8
Fiscal & Human Resources	2	2	2	2	2	2	2	2	2	2
51st District Court	23	23	23	22	19	20	20	20	19	20
Planning & Development	3	3	3	3	3	3	3	3	3	3
Information Systems	3	3	3	3	4	4	4	4	4	4
Facilities & Operations	10	10	10	10	8	8	8	8	7	7
Building & Engineering	8	7	7	8	8	8	8	9	9	9
Parks & Recreation	6	6	5	6	8	8	8	8	8	8
Police Department	65	64	63	66	67	72	69	76	76	76
Fire Department (1,2,3,4,5,6,7)	106	146	140	104	119	138	131	109	110	104
Library	13	12	13	13	13	14	14	13	13	13
Water & Sewer	41	40	41	40	41	39	39	37	39	39
Cable	-	-	-	-	1	1	1	1	1	1
<b>Total</b>	<b>299</b>	<b>334</b>	<b>328</b>	<b>295</b>	<b>313</b>	<b>337</b>	<b>328</b>	<b>311</b>	<b>313</b>	<b>309</b>

NOTE: Full-time employees reported only, data are not available for equivalent part-time positions.

- (1) In 2012 Waterford Twp began providing Fire Service to Pontiac which increased staffing by 42 positions.
- (2) In 2013 Waterford Twp was awarded a Federal Safer Grant which increased the Fire Dep't staffing by 39 positions.
- (3) In 2015 Waterford Twp Federal Safer Grant was not renewed resulting in the lay off of the 39 grant positions.
- (4) In 2016 Waterford Twp was awarded a Federal Safer Grant which increased the Fire Dep't staffing by 15 positions at year end.
- (5) In 2017 Waterford Twp Fire Dep't increased staffing for the Federal Safer Grant by an add'l 21 positions, for a total of 36 grant positions.
- (6) In 2018 Waterford Twp Fire Dep't had 35 of 39 positions related to the Federal Safer Grant.
- (7) In 2019 Waterford Twp Fire Dep't had 36 of 39 positions related to the Federal Safer Grant which ended on 9/25/2019.

Source: Payroll & Benefit department and other records

## Charter Township of Waterford

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Function/Program	2012	2013	2014	2015
<b>Police:</b>				
Physical Arrests	1,829	1,626	1,062	915
Traffic violations	6,645	5,698	3,391	4,286
Non traffic misdemeanors	456	497	310	284
Non traffic civil infractions	188	256	315	420
<b>Fire:</b>				
Emergency responses	10,025	10,502	11,276	11,398
Fires extinguished	605	545	542	487
Inspections	959	1,038	750	1,033
<b>Parks and recreation:</b>				
Recreation programs (estimated)	792	814	810	817
<b>Library:</b>				
Circulation (books borrowed)	347,496	316,764	317,510	291,656
Collection volume	179,022	181,265	188,328	195,377
Visits: Walk-ins	235,971	233,477	198,183	183,775
Visits: Website	149,836	148,346	185,378	372,372
<b>Water:</b>				
New connections	58	67	74	86
Water main breaks	22	24	45	16
Total consumption (billed - cubic feet)	320,451,892	275,327,916	258,557,800	267,587,530
Average annual consumption per customer (gallons)	58,292	53,714	50,601	50,990

Source: Township Departmental correspondence

**Operating Indicators**  
**Last Ten Fiscal Years**  
**(Unaudited)**

2016	2017	2018	2019	2020	2021
1,019	1,161	1,183	1,277	998	708
4,179	3,815	4,170	3,007	1,952	2,895
724	883	868	908	565	662
711	875	1,095	626	421	543
12,104	13,095	13,587	13,813	12,937	14,244
519	519	400	337	369	350
1,045	709	692	770	670	676
612	615	614	614	144	144
279,587	271,667	260,813	251,405	170,699	251,405
638,798	602,814	130,371	120,148	120,487	112,166
175,120	170,981	165,883	165,387	31,862	53,319
194,511	445,200	561,083	269,262	478,997	496,905
91	133	108	130	98	95
14	15	27	18	15	14
288,257,794	273,197,387	276,935,659	245,690,487	262,616,594	244,003,142
50,212	48,447	48,327	47,070	49,016	46,263

## Charter Township of Waterford

## Capital Asset Statistics

Last Ten Fiscal Years  
(Unaudited)

Function/ program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	49	46	44	44	28	26	28	27	27	28
<b>Fire:</b>										
Stations	10	10	9	9	9	9	9	9	9	9
Emergency Response Vehicles	24	27	27	27	27	27	27	26	27	28
<b>Parks and recreation:</b>										
Acreage	854	854	854	854	854	854	854	854	854	854
Playgrounds	8	8	6	3	3	3	3	3	1	1
Soccer fields	7	7	8	8	8	8	8	8	8	8
Baseball/ softball diamonds	13	13	13	13	13	13	13	13	13	13
<b>Libraries:</b>										
Branches	1	1	1	1	1	1	1	1	1	1
<b>Water:</b>										
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)	9	9	9	9	9	9	9	9	9	9
<b>Sewer:</b>										
Miles of sanitary sewers	350	350	350	350	350	350	350	350	350	350

Source: Departmental correspondence