

Charter Township of Waterford, Michigan

Annual Comprehensive Financial Report



**For the Fiscal Year Ended
December 31, 2022**

Charter Township of Waterford
Oakland County, Michigan

**Annual Comprehensive Financial Report
with Supplementary Information
December 31, 2022**

Prepared by the Accounting Department

Introductory Section

Letter of Transmittal	i-xi
GFOA Certificate of Achievement	xii
Organization Chart	xiii
List of Principal Officials	xiv-xv
Labor Agreements	xvi
Fund Organization Chart	xvii

Financial Section

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-12
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	13-14
Statement of Activities	15-16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	17
Reconciliation of the Balance Sheet to the Statement of Net Position	18
Statement of Revenue, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	20
Proprietary Funds:	
Statement of Net Position	21-22
Statement of Revenue, Expenses, and Changes in Net Position	23
Statement of Cash Flows	24-25
Fiduciary Funds:	
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27
Component Units:	
Statement of Net Position	28
Statement of Activities	29-30
Notes to Financial Statements	31-65

Required Supplementary Information	66
Budgetary Comparison Schedule - General Fund	67
Budgetary Comparison Schedule - Major Special Revenue Funds	68-71
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios - Police and Fire Retirement System	72
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios - General Employees' Retirement System	73
Schedule of Pension Contributions - Police and Fire Retirement System	74
Schedule of Pension Contributions - General Employees' Retirement System	75
Schedule of Pension Investment Returns	76
Schedule of Changes in the Net OPEB Liability and Related Ratios	77
Schedule of OPEB Contributions	78
Schedule of OPEB Investment Returns	79
Notes to Required Supplementary Information	80-81
Other Supplementary Information	82
Nonmajor Governmental Funds:	
Fund Descriptions	83-84
Combining Balance Sheet	85-86
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	87-88
Budgetary Comparison Schedule - Nonmajor Governmental Funds	89-98
Internal Service Funds:	
Fund Descriptions	99
Combining Statement of Net Position	100
Combining Statement of Revenue, Expenses, and Changes in Net Position	101
Combining Statement of Cash Flows	102
Fiduciary Funds:	
Fund Descriptions	103
Combining Statement of Fiduciary Net Position	104
Combining Statement of Changes in Fiduciary Net Position	105

<u>Statistical Section</u>	106
Description of the Statistical Section	107
Financial Trend Information	
Net Position by Component	108-109
Changes in Governmental Net Position	110-111
Changes in Business-type Net Position	112-113
Fund Balances - Governmental Funds	114-115
Changes in Fund Balances - Governmental Funds	116-117
General Governmental Revenue History	118
General Governmental Expenditure History	119
General Fund Balance Compared to Annual Expenditures	120
Revenue Capacity Information	
Assessed Value and Actual Value of Taxable Property	121-122
Direct and Overlapping Property Tax Rates	123
Principal Property Taxpayers	124
Property Tax Levies and Collections	125
Debt Capacity Information	
Ratios of Outstanding Debt	126-127
Ratios of General Bonded Debt Outstanding	128
Direct and Overlapping Debt	129
Legal Debt Margin	130-131
Demographic and Economic Information	
Demographic and Economic Statistics	132
Principal Employers	133
Operating Information	
Full-time Equivalent Government Employees	134
Operating Indicators	135-136
Capital Asset Statistics	137



5200 Civic Center Drive
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June 19, 2023

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, 2022. 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 5th 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 the highest percentage increase in this forecast are professional and technical services & corporate headquarters and healthcare services. Community leaders within the region and within the Township will aggressively pursue opportunities to 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.

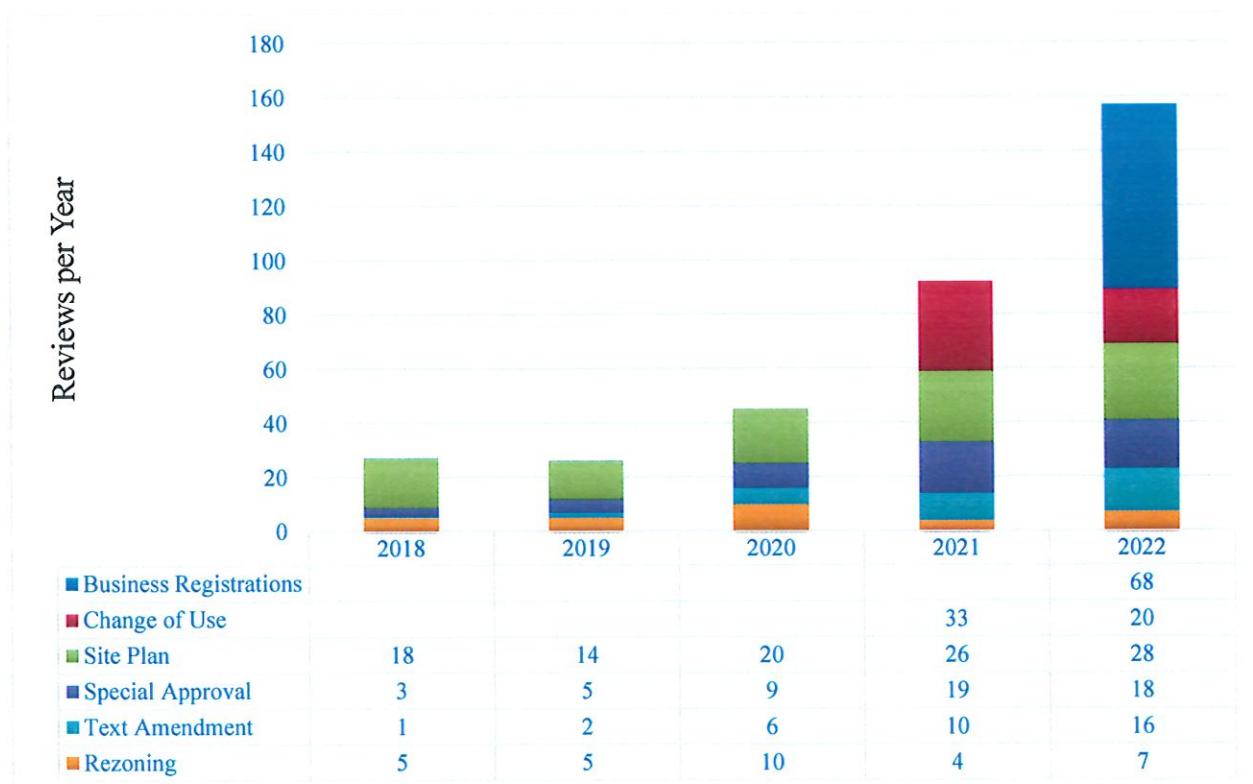
Although Waterford is primarily a residential community, several major businesses are located in the Township. Rite Aid Drug Store's regional distribution center, serving six states, operates a quarter million square foot warehouse complex. Safety Technology International is a family owned company that is a worldwide supplier of products for the fire and safety industry. DMF Bait is the nation's largest packaged fishing bait wholesaler. 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. Numerous automotive related plants are located within minutes of the Township.

Commercial Development

As of January 2022, the Development Services Department began its Business Registration program to track new business within the Township. This has an important role in the evaluation of new building occupants. During 2022, the department reviewed 68 business registrations. This is nearly one new business per 1,000 residents within the Township and this substantial number of business registrations provides an indication of increased economic activity in the community. There has also been a steady increase in major construction approvals year after year within the Township. All of these have been attributed to the Township's push to be more business friendly as it works to become certified by the Michigan Economic Development Corporation as a Redevelopment Ready Community.

The following table demonstrates commercial activity within the Township over the past five years:

Commercial and Industrial Reviews



Residential Development

Since the start of 2022, residential development rates have begun to inch up from two years of record lows which is generally attributed to inflation and economic changes from the global COVID-19 pandemic. Because of this, we are finding that less homes are being built but more building permits have been pulled for what could be considered “luxury” expansions to an existing home such as pools, decks, and building additions. It appears that residents are staying in their homes and focusing on renovations rather than constructing new houses all together. Additionally existing homes are selling quickly, and the price of available homes have been increasing. 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.

The following table demonstrates building permit activity within the Township over the past 12 years:

Building Permits Issued

Calendar Year	New Single Family Homes	New Condominium Units	New Commercial	Total Permits
2022	45	0	12	605
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. Waterford is the largest Township in Oakland County.

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 improved from year to year with 4.7 per cent reported in April 2021, down to 2.7 per cent reported in April 2022. 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. There are various analytical sheets at the beginning of the budget document that outline how resources are derived and how they are allocated.

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 2022, 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 helped 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 first one half of the \$9.2 million has been allocated to deferred maintenance projects throughout the Township. The Board is currently contemplating the allocation of the remaining resources.

The Library millage and a Fire millage were renewed by the voters in August of 2022. A modest Parks and Recreation Millage request was passed by voters in August of 2014. This millage will be up for renewal in 2024. This dedicated millage helped shore up and sustain non state mandated recreation services that are provided by the Township's Parks and Recreation Department. The Police Department has a millage up for renewal in 2024 as well. Millage renewals are important for Waterford's public safety departments in order to provide essential services. A Police and Fire Special Assessment in 2018 was also 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. These measures involved plan design changes for existing retirees and exempting some former employees from this benefit. These measures removed \$40 million in liability from the township's books and has helped increase the funding level dramatically. The Township gained over 5.6% in its funded position in 2022 in a down market year. 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. The goal in this area is sustainability so work from many fronts is important. Changes in the federal health care policy have had an impact on Township budgets. The Township began implementing Michigan P.A. 152 in August 2012. This Act relates to health care

Long Term Financial Planning (continued)

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 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 favorable finances and positive 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 to 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 is 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 requires the Township 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, 2021. This was the seventeenth 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.

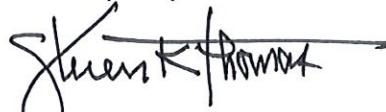
A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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


Steve Thomas
Township Treasurer


Kim Markee
Township Clerk



Government Finance Officers Association

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

Presented to

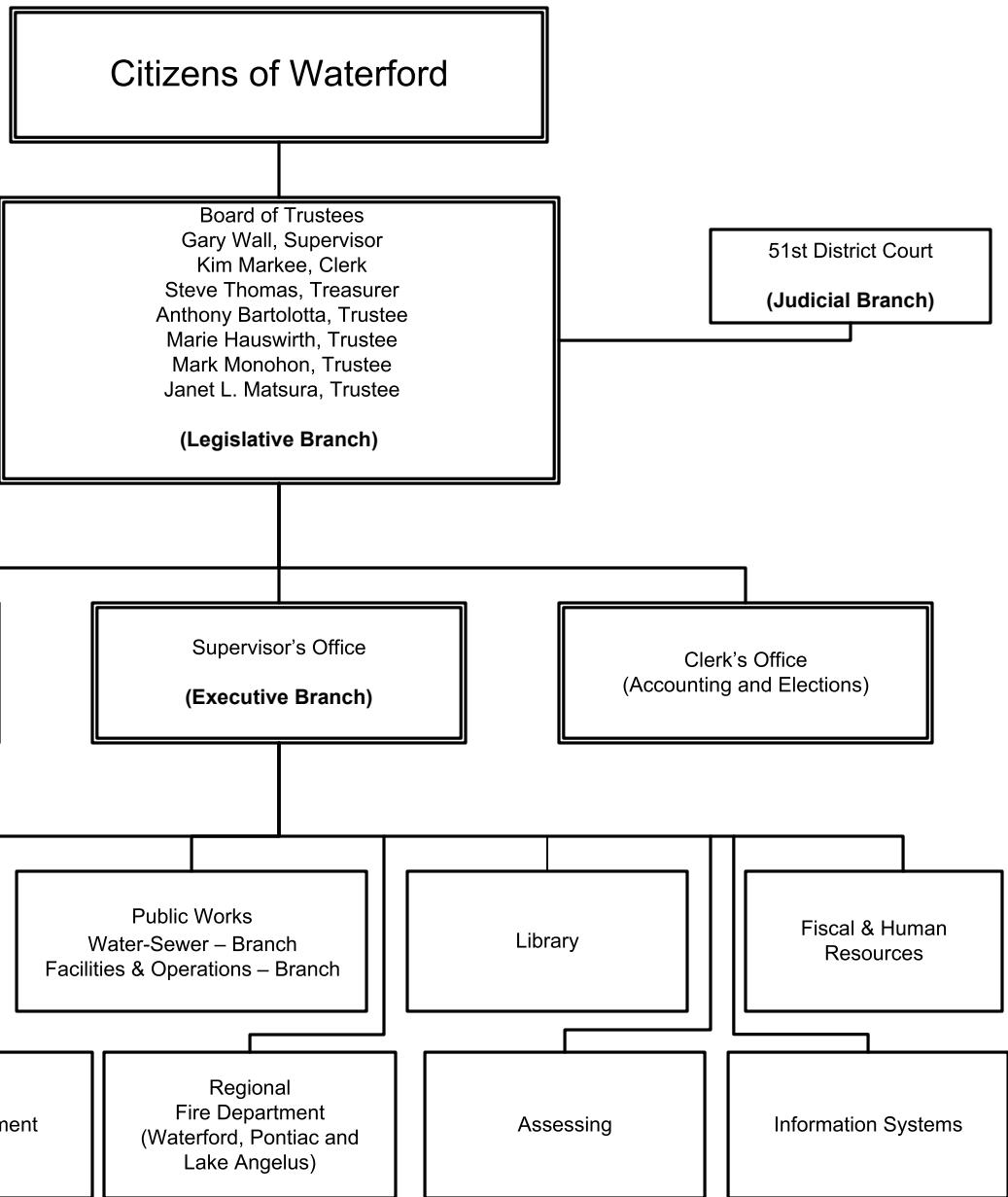
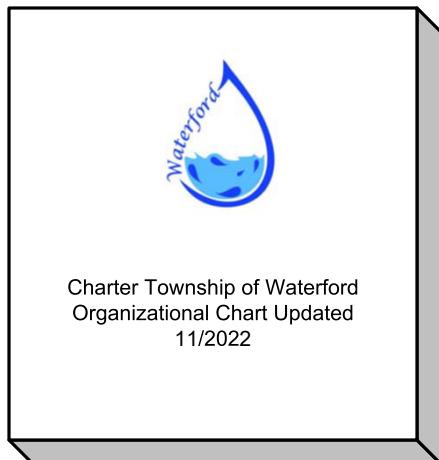
**Charter Township of Waterford
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Monell

Executive Director/CEO



**Charter Township of Waterford
List of Principal Officials
Year Ended December 31, 2022**

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 Tyler Longmeyer

Development Services

Superintendent of Planning and Zoning Jeffrey Polkowski
Superintendent of Building Dave Hills
Community Development Grant Coordinator Scott Alef

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

Police

Chief
Deputy Chief
Emergency Management Coordinator

Scott Underwood
Jack Sutherland
Brendan Brosnan

Public Works

Director
Administrative Superintendent
Engineering Superintendent
Water and Sewer – Facilities and
Operations Superintendents

Justin Westlake
Derek Diederich
Frank Fisher
Scott McGrady and
Derek VanDam

**Charter Township of Waterford
Labor Agreements
Year Ended December 31, 2022**

<u>Bargaining Unit</u>	<u>Expiration Date</u>	<u>Number of Employees</u>
Michigan Association of Police - Represents police officers and crime scene investigators	12/31/2025	37
Command Officers Association of Michigan - Represents police sergeants and lieutenants	12/31/2025	12
International Association of Firefighters - Represents all firefighting personnel	12/31/2025	108
Michigan Association of Police - Represents dispatchers	12/31/2025	10
Teamsters State, County, and Municipal Workers - Represents clerical, public works employees, building inspectors, and ordinance officers	12/31/2025	103

Charter Township of Waterford
Fund Organization Chart

Fund Name	Fund Number
General Fund	
General	101
Cemetery Care	209
Workers' Compensation	215
Special Revenue Funds	
Fire	206
Police	207
Police Restricted Use	208
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
Capital Projects Funds	
Improvement Revolving	246
Capital Projects	330
Enterprise Funds	
Water and Sewer	590
Internal Service Funds	
Fire Unemployment Costs	316
Motor Pool	360
Trust and Agency Funds	
Tax Collection	703
District Court - Activity Fund	710
Regular Employee Pension	731
Police and Fire Pension	732
Retiree Health Fund Weed	733
Control and L.I.B.	844-851

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, 2022 and the related notes to the financial statements, which collectively comprise the Charter Township of Waterford's basic financial statements, as listed in the table of contents.

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, 2022 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended December 31, 2022, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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.

To the Board of Trustees
Charter Township of Waterford

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.

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 Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Trustees
Charter Township of Waterford

Other Supplementary 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 supplementary 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 supplementary 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.

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 19, 2023 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.

A handwritten signature in black ink that reads "Plante & Moran, PLLC". The signature is fluid and cursive, with "Plante & Moran" on the top line and "PLLC" on the bottom line.

June 19, 2023

Financial Highlights

The following represent the most significant financial highlights for the year ended December 31, 2022:

- Total 2022 General Fund revenue was \$358,022 above 2021 revenue. The majority of the current year increase was attributable to an uptick in state-shared revenue and property taxes. Property taxes continued to be the largest source of revenue. Property taxes were 38.95 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 15 to 20 years, remain an important source of the Charter Township of Waterford's revenue. During the Township's 2022 fiscal year, state revenue sources increased by \$419,427 compared to 2021. State revenue sharing was only \$621,678 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 2022 would be over \$5 million lower than 2001. The State has continued to divest itself from local governments when looking at long-term trends.
- Revenue from district court fees and fines increased by \$3,267 in 2022 compared to 2021. This was \$462,236 lower than 2010 without adjusting for inflation.
- General Fund expenditures and operating transfers out for fiscal year 2022 were more than 2021, increasing by \$1,783,596. The General Fund's largest expenditures are transfers to public safety. In 2022, the General Fund transferred \$5,897,000 to public safety (police and fire).
- The unassigned General Fund fund balance at year end was \$12,653,726. During fiscal year 2022, the unassigned General Fund fund balance increased by \$785,837. The December 31, 2022 unassigned fund balance for the General Fund was 57.41 percent of total 2022 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 and planning.
- The Police Fund fund balance increased by \$250,775 in fiscal year 2022. It should be noted that the Police Fund now participates in the 330 Capital Project Allocation Fund and had a transfer deposit of \$400,000 in 2022. This is a planning tool used for future capital project expenses. The Police Fund fund balance at December 31, 2022 is \$3,918,849, or 25.15 percent of annual expenses and transfers out.
- The Fire Fund fund balance increased by \$693,489 in fiscal year 2022. 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 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, 2022 was \$4,705,182, or 22.22 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	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 96,783,852	\$ 98,321,140	\$ 40,569,460	\$ 39,956,038	\$ 137,353,312	\$ 138,277,178
Capital assets	53,667,473	52,629,567	105,302,014	105,535,670	158,969,487	158,165,237
Total assets	150,451,325	150,950,707	145,871,474	145,491,708	296,322,799	296,442,415
Deferred Outflows of Resources						
	17,695,888	2,877,177	3,027,544	291,659	20,723,432	3,168,836
Liabilities						
Current liabilities	12,662,022	7,975,826	3,070,132	1,365,555	15,732,154	9,341,381
Noncurrent liabilities	93,785,889	98,867,128	40,127,359	44,847,725	133,913,248	143,714,853
Total liabilities	106,447,911	106,842,954	43,197,491	46,213,280	149,645,402	153,056,234
Deferred Inflows of Resources						
	42,617,929	72,340,709	3,335,765	6,279,945	45,953,694	78,620,654
Net Position (Deficit)						
Net investment in capital assets	53,667,473	52,629,567	80,075,882	79,466,052	133,743,355	132,095,619
Restricted	5,202,192	4,668,478	312,153	386,799	5,514,345	5,055,277
Unrestricted	(39,788,292)	(82,653,824)	21,977,727	13,437,291	(17,810,565)	(69,216,533)
Total net position (deficit)	\$ 19,081,373	\$ (25,355,779)	\$ 102,365,762	\$ 93,290,142	\$ 121,447,135	\$ 67,934,363

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. In the Township's case, this benefit is primarily retiree health care. 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 2022. The governmental activities net position increased by \$44,437,152 from the prior year. This positive change was largely driven by a few changes made in the Township's retiree health care plans.

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. A final payoff of an interfund loan was made during 2022, leaving the governmental side with no outstanding loans or bonds. The governmental activities have no structured bond debt obligations at the end of 2022. This underscores the low level of construction debt utilized by the Township within the governmental funds category.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

The following table shows the Township's major revenue and expenses as a whole for both the governmental and business-type activities. 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 2022 increased by \$2,912,921 from the 2021 fiscal year. The primary reason for this change was the charges for services category, along with a modest increase in property taxes.

Governmental expenses decreased by \$16,183,076 in 2022. This change was primarily due to how the Township's other postemployment liabilities changed from 2021 to 2022. These unfunded liabilities primarily come from the retiree health care system. In 2022, the OPEB liability decreased significantly, and the assets also decreased but by a smaller margin. The Township's Retiree Health Care System experienced a cost recovery for 2022 even though the pension systems experienced an additional expense due to market performance. There was also an interfund loan that was paid off from the General Fund to the Township's Water-Sewer Fund. Paying off the interfund loan left the governmental side of the house with no bonds payable or interfund loans. This good news gives the Township some latitude should the decision be made in the future to address larger deferred maintenance items under the Township's purview.

In the business-type activities (Water and Sewer Fund), revenue increased by \$3,049,207 in 2022. This was due to the charges for services category. The Water and Sewer Fund also paid \$9,331,782 in 2022 for sewer disposal services to the Water Resource Commissioner's Office (WRC). In the future, the Water and Sewer Fund has more proportional debt coming from the Clinton Oakland Sewer System and the Oakland-Macomb Inceptor District related to deferred maintenance and would like to be able to prepay some of the upcoming debt. This would help ratepayers save on long-term interest charges.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

The Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue						
Program revenue:						
Charges for services	\$ 15,015,425	\$ 14,219,894	\$ 27,294,851	\$ 24,598,873	\$ 42,310,276	\$ 38,818,767
Operating grants	2,596,509	1,853,478	-	-	2,596,509	1,853,478
Capital grants	3,604	-	744,296	705,443	747,900	705,443
General revenue:						
Property taxes	31,598,326	30,940,036	-	-	31,598,326	30,940,036
Intergovernmental	8,325,179	7,896,046	-	-	8,325,179	7,896,046
Investment earnings (loss)	395,000	344,527	172,776	(141,600)	567,776	202,927
Other revenue	1,831,569	1,598,710	-	-	1,831,569	1,598,710
Total revenue	59,765,612	56,852,691	28,211,923	25,162,716	87,977,535	82,015,407
Expenses						
General government	(6,821,859)	(1,922,889)	-	-	(6,821,859)	(1,922,889)
District court	626,694	2,022,200	-	-	626,694	2,022,200
Public safety:						
Police	1,316,351	8,972,525	-	-	1,316,351	8,972,525
Fire	12,825,847	15,378,060	-	-	12,825,847	15,378,060
Building inspection	1,550,658	1,366,187	-	-	1,550,658	1,366,187
Public works	815,804	835,880	-	-	815,804	835,880
Community and economic development	1,791,348	1,692,262	-	-	1,791,348	1,692,262
Recreation and culture	3,223,617	3,161,179	-	-	3,223,617	3,161,179
Interest on long-term debt	-	6,132	-	-	-	6,132
Water and sewer	-	-	19,136,303	21,568,014	19,136,303	21,568,014
Total expenses	15,328,460	31,511,536	19,136,303	21,568,014	34,464,763	53,079,550
Change in Net Position	44,437,152	25,341,155	9,075,620	3,594,702	53,512,772	28,935,857
Net Position (Deficit) - Beginning of year	(25,355,779)	(50,696,934)	93,290,142	89,695,440	67,934,363	38,998,506
Net Position (Deficit) - End of year	\$ 19,081,373	\$ (25,355,779)	\$ 102,365,762	\$ 93,290,142	\$ 121,447,135	\$ 67,934,363

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 2022 include the General Fund, the Police Fund, the Fire Fund, the Police and Fire Special Assessment District Fund, and the Grant Fund. The Township's major business-type fund consists of the Water and Sewer Fund.

General Fund

The General Fund pays for most of the Township's governmental services. The two largest services funded by the General Fund are the Police Fund and Fire Fund. The General Fund transferred \$4,815,000 to the Police Fund and \$1,082,000 to the Fire Fund in 2022.

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.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

The Township's General Fund year-end fund balance is \$18,536,069, of which \$12,653,726 is unassigned. The total of \$18,536,069 represents 84.09 percent of 2022'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 \$1,054,274 and the Cemetery Care Fund amount of \$883,484, the unassigned General Fund fund balance at year end represented 57.41 percent of its annual expenditures, including transfers. 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 \$4,815,000 from the Township's General Fund and an additional \$6,901,899 in dedicated millage revenue for 2022, a modest overall increase from 2021. Most recently, the police department received \$3,286,509 from the Police and Fire Special Assessment District in 2022. The department receives a small amount of revenue from fees, grants, and interest on investments.

Overall, for fiscal year 2022, the Police Fund fund balance increased by \$250,775. It should be noted that, in 2022, the township board authorized a \$400,000 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 2022, the department received \$1,082,000 from the General Fund and approximately \$6 million from dedicated millages. In February 2012, the Charter Township of Waterford began a contract with the City of Pontiac, Michigan (the "City") 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 for 2 years in 2022, and discussions with the City regarding future arrangements are ongoing. Most recently, the fire department received \$3,174,036 from the Police and Fire Special Assessment District in 2022. The Fire Fund fund balance increased by \$693,489 in 2022. It should be noted that, in 2022, the township board authorized a \$275,000 allocation to the fire department's Capital Project Fund. The Fire Fund fund balance is at 23.28 percent of annual expenditures.

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-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, so it does not rely on any other agencies for support.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

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 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 issuance that was combined with a 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 2022, 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 rate paying 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 third quarter of 2022, which will help aid in addressing deferred maintenance related to Waterford Township's sewer assets. Water rates were adjusted in 2022 to 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. Periodic rate studies and adjustments are conducted to make sure the fund can address deferred maintenance and other ongoing operational challenges going forward.

General Fund Budgetary Highlights

Township officials continue to budget conservatively. Declining property values in the past put a strain on the Township's primary revenue source, property taxes. State, county, and regional analysis indicates that property values will modestly increase in 2023 and 2024. 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 the one 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.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Building activity in the Township is focused primarily on redevelopment, allowing limited growth in taxable values. For 2022, 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 2022. 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 \$6,444,195 for 2022. 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 \$1,037,906 net of depreciation. Disposal of assets, disposal of excess equipment, and capital asset acquisition occurred throughout 2022 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 \$233,656 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 2022. 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 2022, there was a decrease of \$2,157,471 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 \$2,744,285 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.

The Township has no general government debt as of the end of 2022. The debt associated with the 1998 construction of the police and fire headquarters 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.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Economic Factors

There are several economic factors that challenge the Township. The collapse of the housing market starting in 2008 through 2014 resulted in dramatic declines in taxable values, which directly affect the Township's property tax collections. These reductions in funding affected 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, 2021, and 2022, 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. 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 for increases or decreases to values. 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 \$40 million in unfunded liabilities from the books in 2021 and 2022. 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 2022 saw a very strong step forward in this area.

The Township received \$9.3 million in American Rescue Plan Act (ARPA) funding due to measures taken by the United States federal government. The Township has allocated about one-half of these one-time funds to deferred maintenance projects and is contemplating the allocation of the remaining portion. The federal programs helped offset losses and will help address financial issues in the short run. In 2021 and 2022, the Township saw most of the areas initially impacted by the pandemic recover.

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 \$621,678 more from the State of Michigan in revenue sharing in 2022 than it did in 2001, without adjusting for inflation. When adjusting for inflation, there would be a cumulative reduction estimated to be slightly over \$5 million. The overall trend of the State divesting itself in local government through the years continues.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

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 into 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 \$40 million in unfunded liability off the books over 2021 and 2022 and freed up cash flow to be invested into the trust to help the Township meet its funding goal. The Township has made significant strides in recent years with respect to its retiree health care fund. The hard work by many stakeholders made this possible.

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 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 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.

Charter Township of Waterford

Statement of Net Position

December 31, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 76,941,239	\$ 25,112,135	\$ 102,053,374	\$ 305,944
Receivables:				
Property taxes receivable	14,251,506	-	14,251,506	6,509
Special assessments receivable	187,981	138,404	326,385	-
Customer receivables	-	9,938,522	9,938,522	-
Accrued interest receivable	-	46,835	46,835	-
Leases receivable	1,493,340	2,442,996	3,936,336	-
Due from other governments	1,554,749	-	1,554,749	-
Rehabilitation loan receivable	1,200,591	-	1,200,591	-
Other receivables	354,014	-	354,014	-
Inventory	78,667	-	78,667	-
Prepaid items	721,765	-	721,765	-
Restricted assets	-	2,890,568	2,890,568	-
Capital assets: (Note 4)				
Assets not subject to depreciation	26,582,060	12,108,079	38,690,139	-
Assets subject to depreciation - Net	27,085,413	93,193,935	120,279,348	-
Total assets	150,451,325	145,871,474	296,322,799	312,453
Deferred Outflows of Resources				
Deferred pension costs (Note 7)	11,871,773	2,193,666	14,065,439	-
Deferred OPEB costs (Note 8)	5,824,115	833,878	6,657,993	-
Total deferred outflows of resources	17,695,888	3,027,544	20,723,432	-
Liabilities				
Accounts payable	821,790	1,347,690	2,169,480	5,768
Refundable deposits, bonds, etc.	1,396,900	-	1,396,900	-
Accrued liabilities and other	2,322,417	531,242	2,853,659	-
Unearned revenue	8,120,915	1,191,200	9,312,115	-
Noncurrent liabilities:				
Due within one year: (Note 6)				
Compensated absences	2,489,488	387,724	2,877,212	-
Provision for claims	463,015	51,593	514,608	-
Current portion of long-term debt	-	2,304,968	2,304,968	-
Due in more than one year: (Note 6)				
Provision for claims	268,492	-	268,492	-
Long-term debt	-	25,499,579	25,499,579	-
Net pension liability (Note 7)	19,831,251	1,756,074	21,587,325	-
Net OPEB liability (Note 8)	70,733,643	10,127,421	80,861,064	-
Total liabilities	106,447,911	43,197,491	149,645,402	5,768
Deferred Inflows of Resources				
Property taxes levied for the following year	33,987,791	-	33,987,791	24,344
Deferred pension cost reductions (Note 7)	651,448	-	651,448	-
Deferred OPEB cost reductions (Note 8)	6,514,394	932,710	7,447,104	-
Deferred inflows from leases	1,464,296	2,403,055	3,867,351	-
Total deferred inflows of resources	42,617,929	3,335,765	45,953,694	24,344

Charter Township of Waterford

Statement of Net Position (Continued)

December 31, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	\$ 53,667,473	\$ 80,075,882	\$ 133,743,355	\$ -
Restricted:				
Police	866,534	-	866,534	-
Police and fire	81,223	-	81,223	-
Community development	1,653,160	-	1,653,160	-
Library	1,890,849	-	1,890,849	-
Nature center	576,873	-	576,873	-
Capital projects	-	312,153	312,153	-
Indigent defense	133,553	-	133,553	-
Unrestricted	(39,788,292)	21,977,727	(17,810,565)	282,341
Total net position	\$ 19,081,373	\$ 102,365,762	\$ 121,447,135	\$ 282,341

Charter Township of Waterford

	Expenses	Program Revenue			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Primary government:					
Governmental activities:					
General government	\$ (6,821,859)	\$ 849,906	\$ 12,520	\$ -	
District court	626,694	925,456	345,868	-	
Public safety:					
Police	1,316,351	112,736	361,386	-	
Fire	12,825,847	11,129,640	280,192	-	
Building inspection	1,550,658	891,282	-	-	
Public works	815,804	126,964	28,232	3,604	
Community and economic development	1,791,348	425,285	844,105	-	
Recreation and culture	3,223,617	554,156	724,206	-	
Total governmental activities	15,328,460	15,015,425	2,596,509	3,604	
Business-type activities - Enterprise Fund					
- Water and Sewer Fund	19,136,303	27,294,851	-	744,296	
Total primary government	\$ 34,464,763	\$ 42,310,276	\$ 2,596,509	\$ 747,900	
Component units:					
Waterford Youth Assistance Corporation	\$ 21,020	\$ 6,468	\$ 23,410	\$ -	
Brownfield Redevelopment Authority	4,970	-	-	-	
Total component units	\$ 25,990	\$ 6,468	\$ 23,410	\$ -	
General revenue:					
Property taxes					
Unrestricted state-shared revenue					
Unrestricted investment income					
Unrestricted cable franchise fees					
Other miscellaneous income					
Total general revenue					
Change in Net Position					
Net Position (Deficit) - Beginning of year					
Net Position - End of year					

Statement of Activities

Year Ended December 31, 2022

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ 7,684,285	\$ -	\$ 7,684,285	\$ -
644,630	-	644,630	-
(842,229)	-	(842,229)	-
(1,416,015)	-	(1,416,015)	-
(659,376)	-	(659,376)	-
(657,004)	-	(657,004)	-
(521,958)	-	(521,958)	-
(1,945,255)	-	(1,945,255)	-
<u>2,287,078</u>	-	<u>2,287,078</u>	-
<u>-</u>	<u>8,902,844</u>	<u>8,902,844</u>	<u>-</u>
2,287,078	8,902,844	11,189,922	-
<u>-</u>	<u>-</u>	<u>-</u>	8,858
<u>-</u>	<u>-</u>	<u>-</u>	(4,970)
<u>-</u>	<u>-</u>	<u>-</u>	3,888
31,598,326	-	31,598,326	23,339
8,325,179	-	8,325,179	-
395,000	172,776	567,776	1,361
1,065,646	-	1,065,646	-
765,923	-	765,923	-
<u>42,150,074</u>	<u>172,776</u>	<u>42,322,850</u>	<u>24,700</u>
44,437,152	9,075,620	53,512,772	28,588
(25,355,779)	93,290,142	67,934,363	253,753
<u>\$ 19,081,373</u>	<u>\$ 102,365,762</u>	<u>\$ 121,447,135</u>	<u>\$ 282,341</u>

Charter Township of Waterford

Governmental Funds Balance Sheet

December 31, 2022

	General Fund	Police Fund	Fire Fund	Police and Fire Special Assessment District Fund	Grant Fund	Nonmajor Funds	Total Governmental Funds
Assets							
Cash and investments	\$ 24,500,149	\$ 8,995,363	\$ 9,135,939	\$ 4,083,133	\$ 8,113,955	\$ 21,923,302	\$ 76,751,841
Receivables:							
Property taxes receivable	4,027,787	3,090,639	2,761,623	2,745,525	-	1,625,932	14,251,506
Special assessments receivable	181,321	-	-	-	-	6,660	187,981
Leases receivable	1,493,340	-	-	-	-	-	1,493,340
Due from other governments	1,403,441	27,798	24,340	-	-	99,170	1,554,749
Rehabilitation loan receivable	-	-	-	-	-	1,200,591	1,200,591
Other receivables	347,917	-	-	-	-	6,097	354,014
Prepaid items	168,774	-	15,750	-	-	537,241	721,765
Total assets	\$ 32,122,729	\$ 12,113,800	\$ 11,937,652	\$ 6,828,658	\$ 8,113,955	\$ 25,398,993	\$ 96,515,787
Liabilities							
Accounts payable	\$ 226,667	\$ 141,858	\$ 99,932	\$ -	\$ 1,360	\$ 344,721	\$ 814,538
Refundable deposits, bonds, etc.	1,288,941	1,960	-	-	-	105,999	1,396,900
Accrued liabilities and other	579,544	828,245	678,568	3,012	-	233,048	2,322,417
Unearned revenue	-	-	-	-	8,058,771	62,144	8,120,915
Total liabilities	2,095,152	972,063	778,500	3,012	8,060,131	745,912	12,654,770
Deferred Inflows of Resources							
Unavailable revenue	260,537	-	-	-	-	1,208,732	1,469,269
Property taxes levied for the following year	9,766,675	7,222,888	6,453,970	6,744,423	-	3,799,835	33,987,791
Deferred inflows from leases	1,464,296	-	-	-	-	-	1,464,296
Total deferred inflows of resources	11,491,508	7,222,888	6,453,970	6,744,423	-	5,008,567	36,921,356
Total liabilities and deferred inflows of resources	13,586,660	8,194,951	7,232,470	6,747,435	8,060,131	5,754,479	49,576,126
Fund Balances							
Nonspendable - Prepays	168,774	-	15,750	-	-	537,241	721,765
Restricted:							
Police	-	-	-	-	-	866,534	866,534
Police and fire	-	-	-	81,223	-	-	81,223
Community development	-	-	-	-	-	452,569	452,569
Library	-	-	-	-	-	1,890,849	1,890,849
Nature center	-	-	-	-	-	576,873	576,873
Michigan indigent defense	-	-	-	-	-	133,553	133,553
Committed:							
Cemetery care	883,484	-	-	-	-	-	883,484
Workers' compensation	1,054,274	-	-	-	-	-	1,054,274
Budget stabilization	3,775,811	-	-	-	-	-	3,775,811
Capital projects - Police	-	-	-	-	-	2,228,358	2,228,358
Capital projects - General	-	-	-	-	-	1,779,674	1,779,674
Capital projects - Fire	-	-	-	-	-	2,975,812	2,975,812
Capital projects - Parks and recreation	-	-	-	-	-	324,503	324,503
Assigned:							
Fiscal recovery	-	-	-	-	53,824	-	53,824
Cable-related projects	-	-	-	-	-	832,486	832,486
Police	-	3,918,849	-	-	-	-	3,918,849
Fire	-	-	4,689,432	-	-	-	4,689,432
Community development	-	-	-	-	-	200,000	200,000
Capital projects - Improvement revolving fund	-	-	-	-	-	5,313,466	5,313,466
Parks and recreation	-	-	-	-	-	1,532,596	1,532,596
Unassigned	12,653,726	-	-	-	-	-	12,653,726
Total fund balances	18,536,069	3,918,849	4,705,182	81,223	53,824	19,644,514	46,939,661
Total liabilities, deferred inflows of resources, and fund balances	\$ 32,122,729	\$ 12,113,800	\$ 11,937,652	\$ 6,828,658	\$ 8,113,955	\$ 25,398,993	\$ 96,515,787

Charter Township of Waterford

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2022

Fund Balances Reported in Governmental Funds	\$ 46,939,661
<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	53,374,861
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	1,469,269
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	(2,489,488)
Pension benefits and related deferrals	(8,610,926)
Retiree health care benefits and related deferrals	(71,423,922)
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	(731,507)
Internal service funds are included as part of governmental activities	553,425
Net Position of Governmental Activities	\$ 19,081,373

Charter Township of Waterford

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2022

	General Fund	Police Fund	Fire Fund	Police and Fire Special Assessment District Fund	Grant Fund	Nonmajor Funds	Total Governmental Funds
Revenue							
Property taxes	\$ 8,941,806	\$ 6,901,899	\$ 6,045,812	\$ 6,444,195	\$ -	\$ 3,236,120	\$ 31,569,832
Special assessments	-	-	-	-	-	15,845	15,845
Intergovernmental:							
Federal grants	4,452	14,488	-	-	21,241	1,339,618	1,379,799
State sources	8,449,411	30,750	24,759	-	-	459,026	8,963,946
Charges for services	1,245,099	46,640	11,095,919	-	-	674,810	13,062,468
Fines and forfeitures	1,209,369	66,096	-	-	-	122,781	1,398,246
Licenses and permits	904,182	42,937	-	-	-	45,486	992,605
Investment income	647,864	47,300	48,078	1,684	41,968	111,064	897,958
Other revenue:							
Local contributions	-	-	280,192	-	-	268,988	549,180
Other miscellaneous income	87,061	577,818	77,282	-	-	58,208	800,369
Cable franchise fees	948,425	-	-	-	-	117,221	1,065,646
Refunds and reimbursements	521,817	-	36,241	-	-	-	558,058
Total revenue	22,959,486	7,727,928	17,608,283	6,445,879	63,209	6,449,167	61,253,952
Expenditures							
Current services:							
General government	7,518,268	-	-	-	21,241	482,376	8,021,885
District court	2,679,214	-	-	-	-	-	2,679,214
Public safety:							
Police	44,595	14,832,004	-	-	-	82,714	14,959,313
Fire	-	-	19,598,123	-	-	-	19,598,123
Building inspection	1,440,928	-	-	-	-	-	1,440,928
Public works	-	-	-	-	-	127,453	127,453
Community and economic development	1,500,508	-	-	-	-	610,280	2,110,788
Recreation and culture	-	-	-	-	-	3,864,456	3,864,456
Capital outlay	505,361	347,908	616,136	-	-	2,355,600	3,825,005
Total expenditures	13,688,874	15,179,912	20,214,259	-	21,241	7,522,879	56,627,165
Excess of Revenue Over (Under) Expenditures	9,270,612	(7,451,984)	(2,605,976)	6,445,879	41,968	(1,073,712)	4,626,787
Other Financing Sources (Uses)							
Transfers in (Note 5)	-	8,101,509	4,256,036	-	-	3,838,877	16,196,422
Transfers out (Note 5)	(8,353,636)	(400,000)	(962,241)	(6,460,545)	-	(20,000)	(16,196,422)
Sale of capital assets	1,415	1,250	5,670	-	-	3,500	11,835
Total other financing (uses) sources	(8,352,221)	7,702,759	3,299,465	(6,460,545)	-	3,822,377	11,835
Net Change in Fund Balances	918,391	250,775	693,489	(14,666)	41,968	2,748,665	4,638,622
Fund Balances - Beginning of year	17,617,678	3,668,074	4,011,693	95,889	11,856	16,895,849	42,301,039
Fund Balances - End of year	\$ 18,536,069	\$ 3,918,849	\$ 4,705,182	\$ 81,223	\$ 53,824	\$ 19,644,514	\$ 46,939,661

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, 2022

Net Change in Fund Balances Reported in Governmental Funds	\$	4,638,622
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		3,627,478
Depreciation expense		(2,494,673)
Net book value of assets disposed of		(68,752)
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		(219,540)
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		38,979,054
Changes to claims and similar costs that do not use current financial resources are not reported in the governmental funds		793
Internal service funds are included as part of governmental activities		(25,830)
Change in Net Position of Governmental Activities	\$	44,437,152

Charter Township of Waterford

Proprietary Funds Statement of Net Position

December 31, 2022

	Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
Assets		
Current assets:		
Cash and investments (Note 3)	\$ 25,112,135	\$ 189,398
Receivables:		
Special assessments receivable - Due within one year	138,404	-
Customer receivables	9,938,522	-
Accrued interest receivable	46,835	-
Leases receivable	75,342	-
Inventory	-	78,667
Total current assets	35,311,238	268,065
Noncurrent assets:		
Restricted assets	2,890,568	-
Leases receivable	2,367,654	-
Capital assets: (Note 4)		
Assets not subject to depreciation	12,108,079	-
Assets subject to depreciation - Net	93,193,935	292,612
Total noncurrent assets	110,560,236	292,612
Total assets	145,871,474	560,677
Deferred Outflows of Resources		
Deferred pension costs (Note 7)	2,193,666	-
Deferred OPEB costs (Note 8)	833,878	-
Total deferred outflows of resources	3,027,544	-
Liabilities		
Current liabilities:		
Accounts payable	1,347,690	7,252
Accrued liabilities and other	531,242	-
Unearned revenue	1,191,200	-
Compensated absences	387,724	-
Provision for claims	51,593	-
Current portion of long-term debt (Note 6)	2,304,968	-
Total current liabilities	5,814,417	7,252
Noncurrent liabilities:		
Net pension liability (Note 7)	1,756,074	-
Net OPEB liability (Note 8)	10,127,421	-
Long-term debt (Note 6)	25,499,579	-
Total noncurrent liabilities	37,383,074	-
Total liabilities	43,197,491	7,252
Deferred Inflows of Resources		
Deferred OPEB cost reductions (Note 8)	932,710	-
Deferred inflows from leases	2,403,055	-
Total deferred inflows of resources	3,335,765	-

Charter Township of Waterford

Proprietary Funds Statement of Net Position (Continued)

December 31, 2022

	Enterprise Funds	Governmental Activities	
		Water and Sewer Fund	Internal Service Funds
Net Position			
Net investment in capital assets	\$ 80,075,882	\$ 292,612	
Restricted - Capital projects	312,153	-	
Unrestricted	21,977,727	260,813	
Total net position	\$ 102,365,762	\$ 553,425	

Charter Township of Waterford

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

Year Ended December 31, 2022

	Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
Operating Revenue		
Sale of water	\$ 7,588,021	\$ -
Sewage disposal charges	18,548,595	-
Other sales to customers	37,405	-
Charges for services	1,120,830	-
Total operating revenue	27,294,851	-
Operating Expenses		
Cost of water	2,168,235	-
Cost of sewage treatment	9,846,848	-
Other operating and maintenance costs	1,573,324	-
Billing and administrative costs (including OPEB cost recovery)	(1,039,638)	4,599
Unemployment cost	-	297
Depreciation	5,924,879	6,011
Total operating expenses	18,473,648	10,907
Operating Income (Loss)		
	8,821,203	(10,907)
Nonoperating Revenue (Expense)		
Investment income	172,776	614
Interest expense	(662,655)	-
Loss on sale of assets	-	(15,537)
Total nonoperating expense	(489,879)	(14,923)
Income (Loss) - Before capital contributions		
	8,331,324	(25,830)
Capital Contributions		
Capital grants	8,800	-
Benefit fees	269,996	-
Lines donated by developers	465,500	-
Total capital contributions	744,296	-
Change in Net Position		
	9,075,620	(25,830)
Net Position - Beginning of year		
	93,290,142	579,255
Net Position - End of year	\$ 102,365,762	\$ 553,425

Charter Township of Waterford

Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2022

	Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
Cash Flows from Operating Activities		
Receipts from customers	\$ 25,828,868	\$ -
Payments to suppliers	(13,199,990)	(23,290)
Payments to employees and fringes	(4,740,400)	-
Refund of unused grant proceeds	-	(252,133)
Net cash and cash equivalents provided by (used in) operating activities	7,888,478	(275,423)
Cash Flows from Capital and Related Financing Activities		
Receipt of capital grants	1,200,000	-
Special assessment collections	29,813	-
Benefit fees	269,996	-
Proceeds from sale of capital assets	-	4,599
Purchase of capital assets	(3,865,649)	-
Principal and interest paid on capital debt	(2,842,965)	-
Net cash and cash equivalents (used in) provided by capital and related financing activities	(5,208,805)	4,599
Cash Flows from Investing Activities		
Interest received on investments	140,349	614
Proceeds from sale and maturities of investment securities	51,413	-
Net cash and cash equivalents provided by investing activities	191,762	614
Net Increase (Decrease) in Cash and Cash Equivalents	2,871,435	(270,210)
Cash and Cash Equivalents - Beginning of year	12,973,302	459,608
Cash and Cash Equivalents - End of year	\$ 15,844,737	\$ 189,398
Classification of Cash and Cash Equivalents		
Cash and investments	\$ 25,112,135	\$ 189,398
Less amounts classified as investments	(9,267,398)	-
Total cash and cash equivalents	\$ 15,844,737	\$ 189,398

Charter Township of Waterford

Proprietary Funds Statement of Cash Flows (Continued)

Year Ended December 31, 2022

	Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities		
Operating income (loss)		
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	5,924,879	6,011
Changes in assets and liabilities:		
Receivables	(1,465,983)	-
Inventories	-	698
Accrued and other liabilities	254,349	-
Accounts payable	268,444	(19,389)
Estimated claims liability	(26,518)	(251,836)
Net pension and OPEB liabilities and related deferrals	(5,887,896)	-
Total adjustments	(932,725)	(264,516)
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 7,888,478</u>	<u>\$ (275,423)</u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2022, the Water and Sewer Fund received approximately \$466,000 of lines donated by developers. The Township incurred approximately \$123,000 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 \$1,400,000 in order to fund the construction of capital assets.

Charter Township of Waterford

Fiduciary Funds Statement of Fiduciary Net Position

December 31, 2022

	Pension and Other	Postemployment Benefits Funds	Custodial Funds
Assets			
Cash and cash equivalents	\$ 5,567,137	\$ 5,537,118	
Investments:			
Fixed-income funds	19,111,471		-
Publicly traded partnerships	32,117,150		-
Stocks	94,567,626		-
Mutual funds	37,300,343		-
Real estate investment trusts	3,214,429		-
Pension manager short-term funds	13,878,139		-
Securities lending short-term collateral bank investment pool - Mutual funds	20,776		-
Receivables:			
Property taxes receivable	-	4,043,193	
Special assessments receivable	-	114,651	
Other receivables	1,422,330		-
Prepaid items	1,012,620		-
Total assets	208,212,021	9,694,962	
Liabilities			
Accounts payable	62,952	6,765	
Due to other governmental units	-	4,749,472	
Accrued liabilities and other	943,918	149,271	
Obligations under securities lending agreements	21,225		-
Total liabilities	1,028,095	4,905,508	
Deferred Inflows of Resources - Property taxes and special assessments levied for the following year	-	4,325,357	
Total liabilities and deferred inflows of resources	1,028,095	9,230,865	
Net Position			
Restricted:			
Pension	167,705,118		-
Postemployment benefits other than pension	39,478,808		-
Individuals, organizations, and other governments	-	464,097	
Total net position	\$ 207,183,926	\$ 464,097	

Charter Township of Waterford

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2022

	Pension and Other	Postemployment Benefits Funds	Custodial Funds
Additions			
Investment income (loss):			
Interest and dividends	\$ 4,922,238	\$ -	-
Net decrease in fair value of investments	(37,811,187)	-	-
Investment costs	(1,006,573)	-	-
Net investment loss	(33,895,522)	-	-
Contributions:			
Employer contributions	16,882,688	-	-
Employee contributions	360,571	-	-
Total contributions	17,243,259	-	-
Property tax collections for other governments	-	74,159,418	
Special assessments	-	329,239	
District court receipts	-	552,738	
Total additions	(16,652,263)	75,041,395	
Deductions			
Benefit payments	21,755,605	-	-
Administrative expenses	165,587	-	-
Tax distributions to other governments	-	74,159,418	
Weed control	-	253,554	
District court disbursements	-	552,738	
Total deductions	21,921,192	74,965,710	
Net (Decrease) Increase in Fiduciary Net Position	(38,573,455)	75,685	
Net Position - Beginning of year	245,757,381	388,412	
Net Position - End of year	\$ 207,183,926	\$ 464,097	

Charter Township of Waterford

Component Units Statement of Net Position

December 31, 2022

	Economic Development Corporation	Waterford Youth Assistance Corporation	Brownfield Redevelopment Authority	Total
Assets				
Cash and investments	\$ 146,368	\$ 83,887	\$ 75,689	\$ 305,944
Receivables - Property taxes	-	-	6,509	6,509
Total assets	146,368	83,887	82,198	312,453
Liabilities - Accounts payable				
Deferred Inflows of Resources - Property taxes levied for the following year	-	798	4,970	5,768
Net Position - Unrestricted	\$ 146,368	\$ 83,089	\$ 52,884	\$ 282,341

Charter Township of Waterford

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Economic Development Corporation	\$ -	\$ -	\$ -	\$ -
Waterford Youth Assistance Corporation	21,020	6,468	23,410	-
Brownfield Redevelopment Authority	4,970	-	-	-
Total component units	\$ 25,990	\$ 6,468	\$ 23,410	\$ -
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, 2022

Net Revenue (Expense) and Changes in Net Position

<u>Economic Development Corporation</u>	<u>Waterford Youth Assistance Corporation</u>	<u>Brownfield Redevelopment Authority</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -
-	8,858	-	8,858
-	-	(4,970)	(4,970)
-	8,858	(4,970)	3,888
-	-	23,339	23,339
879	482	-	1,361
879	482	23,339	24,700
879	9,340	18,369	28,588
145,489	73,749	34,515	253,753
\$ 146,368	\$ 83,089	\$ 52,884	\$ 282,341

December 31, 2022

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.

December 31, 2022

Note 1 - Significant Accounting Policies (Continued)

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.

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.

December 31, 2022

Note 1 - Significant Accounting Policies (Continued)

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.

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.
- The Grant Fund is used to account for moneys received and spent related to the American Rescue Plan Act.

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.

December 31, 2022

Note 1 - Significant Accounting Policies (Continued)

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.

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 \$2,890,568 on deposit at the county that is being held for certain projects of the Water and Sewer Fund, including \$2,578,415 of unspent bond proceeds.

December 31, 2022**Note 1 - Significant Accounting Policies (Continued)****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.

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, 2022, the balance of unearned revenue in the Grant Fund and Water and Sewer Fund 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.

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 assets 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).

December 31, 2022

Note 1 - Significant Accounting Policies (Continued)

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 assets 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 and deferred inflows related to leases 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).

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.

December 31, 2022

Note 1 - Significant Accounting Policies (Continued)

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.

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, 2022 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 2021 property tax revenue was levied and collectible on December 31, 2021 and is recognized as revenue in the year ended December 31, 2022 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2021 taxable valuation of the Township totaled \$2.46 billion on which ad valorem taxes levied consisted of 3.6083 mills for operating purposes, 2.8254 mills for police, 2.4739 mills for the fire department, 0.8548 mills for the library, 0.4686 mills for parks and recreation, and 2.75 mills for police and fire special assessment. This resulted in property tax revenue of \$8.8 million for operating, \$6.9 million for police, \$6.1 million for the fire department, \$2.1 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.

December 31, 2022

Note 1 - Significant Accounting Policies (Continued)

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.

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.

Leases

The Township is a lessor for noncancelable leases of cell phone towers. The Township recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the Township initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Township determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

December 31, 2022

Note 1 - Significant Accounting Policies (Continued)

- The Township uses the estimated borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Township monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Adoption of New Accounting Pronouncement

During the current year, the Township adopted GASB Statement No. 87, *Leases*. As a result, the General Fund and Water and Sewer Fund now include receivables for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease. Lease activity is further described in Note 13.

Upcoming Accounting Pronouncements

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 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2024.

December 31, 2022

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, 2022		\$ (6,395,446)
Current year permit revenue		904,182
Related expenses:		
Direct costs	\$ 785,528	
Estimated indirect costs	<u>-</u>	785,528
Current year surplus		<u>118,654</u>
Cumulative shortfall December 31, 2022		<u><u>\$ (6,276,792)</u></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	\$ 76,941,239	\$ 25,112,135	\$ 102,053,374	\$ 211,314,189	\$ 313,367,563	\$ 305,944

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

	Primary Government and Fiduciary Funds	Component Units
Deposits with financial institutions	\$ 61,926,083	\$ 305,994
Investments:		
Equity securities and mutual funds	131,867,969	-
Debt securities or funds	21,280,016	-
Short-term funds	50,530,673	-
Real estate and other	47,762,822	-
Total	<u>\$ 313,367,563</u>	<u>\$ 305,994</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, 2022

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 10 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 \$55,380,252 (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.

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	\$ 2,168,545	\$ -	\$ 2,168,545	\$ -	\$ -
Fixed-income pool	50,509,897	-	50,509,897	-	-
Total	\$ 52,678,442	\$ -	\$ 52,678,442	\$ -	\$ -
Fiduciary Activities	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Agency securities	\$ 2,244,030	\$ -	\$ 121,851	\$ 96,094	\$ 2,026,085
Bonds	1,722,390	-	692,754	799,609	230,027
Total	\$ 3,966,420	\$ -	\$ 814,605	\$ 895,703	\$ 2,256,112

December 31, 2022

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
Primary Government			
Agency securities	\$ 2,168,545	Aaa	Moody's
Fixed-income pool	<u>50,509,897</u>	Not rated	
Total	<u>\$ 52,678,442</u>		
Fiduciary Funds			
Bonds	\$ 151,216	A-	S&P
Bonds	38,166	AAA	S&P
Bonds	124,122	BB-	S&P
Bonds	327,707	BB+	S&P
Bonds	285,495	BBB	S&P
Bonds	537,349	BBB-	S&P
Bonds	258,335	BBB+	S&P
Agency securities	70,034	A	S&P
Agency securities	52,229	A+	S&P
Agency securities	68,840	AA-	S&P
Agency securities	602,853	AAA	S&P
Agency securities	41,102	BB-	S&P
Agency securities	39,831	BBB+	S&P
Agency securities	1,369,141	Not rated	

Concentration of Credit Risk

The Township places no limit on the amount it may invest in any one issuer. More than 46 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.

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 102 percent of the fair value of the loaned securities. During the year ended December 31, 2022, only United States currency was received as collateral.

December 31, 2022**Note 3 - Deposits and Investments (Continued)**

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, 2022 did not generally match the duration of the investments made with cash collateral. On December 31, 2022, the Retirement Systems had no credit risk exposure to borrowers. The collateral held and the fair value of the underlying securities on loan for the Retirement Systems as of December 31, 2022 were \$21,225 and \$20,776, 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, 2022.

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, 2022

Note 3 - Deposits and Investments (Continued)

The Township has the following recurring fair value measurements as of December 31, 2022:

	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, 2022
Fixed-income funds	\$ 15,145,051	\$ 3,966,420	\$ -	\$ 19,111,471	
Publicly traded partnerships	-	413,972	-	-	413,972
Stocks	94,567,627	-	-	-	94,567,627
Mutual funds	35,914,656	-	-	-	35,914,656
Pension manager short-term debt	-	13,878,139	-	-	13,878,139
Agency securities	-	4,412,575	-	-	4,412,575
 Total investments by fair value level	 \$ 145,627,334	 \$ 22,671,106	 \$ -	 168,298,440	
 Investments measured at net asset value (NAV):					
Mutual funds					1,385,687
Publicly traded partnerships					31,703,178
Real estate investment trusts					3,214,429
Fixed-income pool					50,509,897
 Total investments measured at NAV	 \$ 86,813,191				
 Total investments measured at fair value	 \$ 255,111,631				

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, 2022 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, 2022**Note 3 - Deposits and Investments (Continued)**

At December 31, 2022, 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	\$ 1,385,687	\$ -	No restrictions	None
Publicly traded partnerships	31,703,178	6,383,926	Monthly - Quarterly	10-65 days
Real estate investment trusts	3,214,429	1,054,895	No restrictions	None
Fixed-income pool	50,509,897	-	No restrictions	None
Total	\$ 86,813,191	\$ 7,438,821		

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, 2022

Note 4 - Capital Assets

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

Governmental Activities

	Balance January 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2022
Capital assets not being depreciated:					
Land	\$ 26,582,060	\$ -	\$ -	\$ -	\$ 26,582,060
Construction in progress	408,510	(408,510)	-	-	-
Subtotal	26,990,570	(408,510)	-	-	26,582,060
Capital assets being depreciated:					
Infrastructure	16,166,698	408,510	605,480	-	17,180,688
Buildings and improvements	31,668,812	-	707,043	-	32,375,855
Machinery and office equipment, vehicles, and other	29,069,462	-	2,314,955	(1,690,513)	29,693,904
Subtotal	76,904,972	408,510	3,627,478	(1,690,513)	79,250,447
Accumulated depreciation:					
Infrastructure	12,865,255	-	197,766	-	13,063,021
Buildings and improvements	16,650,605	-	676,827	-	17,327,432
Machinery and office equipment, vehicles, and other	21,750,115	-	1,626,091	(1,601,625)	21,774,581
Subtotal	51,265,975	-	2,500,684	(1,601,625)	52,165,034
Net capital assets being depreciated	25,638,997	408,510	1,126,794	(88,888)	27,085,413
Net governmental activities capital assets	\$ 52,629,567	\$ -	\$ 1,126,794	\$ (88,888)	\$ 53,667,473

Charter Township of Waterford

Notes to Financial Statements

December 31, 2022

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance January 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2022
Capital assets not being depreciated:					
Land	\$ 3,267,097	\$ -	\$ -	\$ -	\$ 3,267,097
Construction in progress	7,853,195	(812,929)	1,800,716	-	8,840,982
Subtotal	11,120,292	(812,929)	1,800,716	-	12,108,079
Capital assets being depreciated:					
Lines and laterals	130,819,283	812,929	3,076,521	(1,546,212)	133,162,521
Buildings and improvements	25,381,640	-	32,822	-	25,414,462
Machinery and office equipment, vehicles, and other	7,853,449	-	781,164	(269,111)	8,365,502
Oakland-Macomb Interceptor joint assets	28,031,107	-	-	-	28,031,107
Subtotal	192,085,479	812,929	3,890,507	(1,815,323)	194,973,592
Accumulated depreciation:					
Lines and laterals	72,191,179	-	3,636,709	(1,546,212)	74,281,676
Buildings and improvements	14,834,418	-	561,380	-	15,395,798
Machinery and office equipment, vehicles, and other	4,283,083	-	605,546	(269,111)	4,619,518
Oakland-Macomb Interceptor joint assets	6,361,421	-	1,121,244	-	7,482,665
Subtotal	97,670,101	-	5,924,879	(1,815,323)	101,779,657
Net capital assets being depreciated	94,415,378	812,929	(2,034,372)	-	93,193,935
Net business-type activities capital assets	\$ 105,535,670	\$ -	\$ (233,656)	\$ -	\$ 105,302,014

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

Governmental activities:		
General government		\$ 579,910
District court		67,340
Public safety		1,447,039
Community and economic development		25,150
Recreation and culture		381,245
Total governmental activities		\$ 2,500,684
Business-type activities - Water and sewer		\$ 5,924,879

Construction Commitments

The Township has two construction projects at December 31, 2022 for which the Water and Sewer Fund had spent in total \$474,703 and has a remaining commitment of \$691,076.

December 31, 2022**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	\$ 1,082,000
	Police Fund	4,815,000
	Other nonmajor governmental funds	<u>2,456,636</u>
	Total General Fund	8,353,636
Fire Fund	Other nonmajor governmental funds	962,241
Police Fund	Other nonmajor governmental funds	400,000
Police and Fire Special Assessment District	Fire Fund	3,174,036
	Police Fund	<u>3,286,509</u>
	Total Police and Fire Special Assessment District	6,460,545
Other nonmajor governmental funds	Other nonmajor governmental funds	<u>20,000</u>
	Total	<u>\$ 16,196,422</u>

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 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, 2022

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. The Township does not have any general obligation bonds or installment purchase agreements currently outstanding. Long-term debt activity for the year ended December 31, 2022 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Compensated absences			\$ 2,623,981	\$ 5,330,299	\$ (5,464,792)	\$ 2,489,488	\$ 2,489,488
Estimated liability for workers' compensation claims			575,525	206,296	(292,830)	488,991	220,499
Estimated liability for unemployment claims			248,924	-	(248,924)	-	-
Estimated liability for general liability claims			159,775	147,500	(64,759)	242,516	242,516
Total governmental activities long-term debt			<u>\$ 3,608,205</u>	<u>\$ 5,684,095</u>	<u>\$ (6,071,305)</u>	<u>\$ 3,220,995</u>	<u>\$ 2,952,503</u>

December 31, 2022

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
Bonds and contracts payable -							
Direct borrowings and direct placements:							
Drinking Water Relief Fund:							
Series 2013A							
Amount of issue -							
\$6,994,654		\$305,000-\$394,225	\$ 4,259,225	\$	-	\$ (320,000)	\$ 3,939,225
Maturing through 2033	2.00%						
Sewer Relief Fund:							
Series 2013B							
Amount of issue -							
\$4,130,000		\$185,000-\$246,324					
Maturing through 2035	2.00%		3,041,324		-	(190,000)	2,851,324
Sewer Relief Fund:							
Series 2007-B							
Amount of issue -							
\$3,745,000		\$185,000-\$200,000					
Maturing through 2027	1.63%		1,147,393		-	(185,000)	962,393
Drinking Water Relief Fund:							
Series 2007-C							
Amount of issue -							
\$8,905,000		\$455,000-\$538,831					
Maturing through 2028	2.13%		3,538,831		-	(475,000)	3,063,831
Oakland-Macomb Sewer Interceptor:							
Series 2010A							
Amount of issue -							
\$5,653,540		\$167,587-\$220,084					
Maturing through 2030	2.50%		1,973,354		-	(175,664)	1,797,690
Oakland-Macomb Sewer Interceptor:							
Series 2011							
Amount of issue -							
\$4,219,251		\$191,709-\$263,611					
Maturing through 2033	2.50%		2,775,660		-	(200,799)	2,574,861
Oakland-Macomb Sewer Interceptor:							
Series 2013A							
Amount of issue -							
\$9,206,996		\$305,000-\$394,225					
Maturing through 2034	2.00%		6,390,022		-	(435,332)	5,954,690
Oakland County Clinton River WRRF:							
Series 2017							
Amount of issue -							
\$3,006,307		\$14,615-\$179,390					
Maturing through 2038	2.50%		2,487,374	122,610	(126,390)	2,483,594	129,449
Oakland-Macomb Sewer Interceptor:							
Series 2010B 2019 Refunded							
Amount of issue -							
\$607,082		\$37,017-\$67,304					
Maturing through 2030	1.85%		522,279		-	(49,132)	473,147
							51,151

Charter Township of Waterford

Notes to Financial Statements

December 31, 2022

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	\$ 3,797,999	\$ -	\$ (94,207)	\$ 3,703,792	\$ 98,597
Total direct borrowings and direct placements principal outstanding			29,933,461	122,610	(2,251,524)	27,804,547	2,304,968
Compensated absences			389,763	804,737	(806,776)	387,724	387,724
Estimated liability for workers' compensation claims			41,252	-	(41,252)	-	-
Estimated liability for general liability claims			36,859	28,511	(13,777)	51,593	51,593
Total business-type activities long-term debt			\$ 30,401,335	\$ 955,858	\$ (3,113,329)	\$ 28,243,864	\$ 2,744,285

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 \$11,937,170. During the current year, net revenue of the system was \$14,781,729, compared to annual debt requirements of \$1,402,909.

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.

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 \$3.0 million.

December 31, 2022

Note 6 - Long-term Debt (Continued)

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				
	Principal	Interest			
2023	\$ 2,304,968	\$ 626,862	\$ 2,931,830		
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	2,560,283	407,970	2,968,253		
2028-2032	10,137,782	1,247,677	11,385,459		
2033-2037	4,563,137	302,832	4,865,969		
2038-2041	960,106	28,860	988,966		
Total	\$ 27,804,547	\$ 4,177,725	\$ 31,982,272		

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).

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.

December 31, 2022

Note 7 - Pension Plans (Continued)

Employees Covered by Benefit Terms

At January 1, 2022, 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	173	190
Inactive plan members entitled to but not yet receiving benefits	1	23
Active plan members	53	48
 Total employees covered by the plan	 227	 261

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, 2022, the active member contribution rate was 5.0 percent of annual pay for both plans. The Township's contribution rate was 50.1 and 17.2 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, 2022	December 31, 2022
Based on a comprehensive actuarial valuation as of	January 1, 2022	January 1, 2022

December 31, 2022

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 (Asset) Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension (Asset) Liability
Balance at January 1, 2022	\$ 118,065,743	\$ 122,373,663	\$ (4,307,920)
Changes for the year:			
Service cost	1,446,453	-	1,446,453
Interest	7,771,289	-	7,771,289
Differences between expected and actual experience	(1,302,899)	-	(1,302,899)
Changes in assumptions	1,611,270	-	1,611,270
Contributions - Employer	-	2,898,154	(2,898,154)
Contributions - Employee	-	318,173	(318,173)
Net investment loss	-	(13,826,369)	13,826,369
Benefit payments, including refunds	(8,763,979)	(8,763,979)	-
Administrative expenses	-	(68,211)	68,211
Net changes	762,134	(19,442,232)	20,204,366
Balance at December 31, 2022	\$ 118,827,877	\$ 102,931,431	\$ 15,896,446

The plan's fiduciary net position represents 86.6 percent of the total pension liability.

General Employees' Retirement System

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension (Asset) Liability
Balance at January 1, 2022	\$ 68,191,913	\$ 82,303,488	\$ (14,111,575)
Changes for the year:			
Service cost	521,939	-	521,939
Interest	4,484,342	-	4,484,342
Differences between expected and actual experience	315,392	-	315,392
Changes in assumptions	1,509,285	-	1,509,285
Contributions - Employer	-	606,783	(606,783)
Contributions - Employee	-	3,771	(3,771)
Net investment loss	-	(13,495,149)	13,495,149
Benefit payments, including refunds	(4,558,305)	(4,558,305)	-
Administrative expenses	-	(86,901)	86,901
Net changes	2,272,653	(17,529,801)	19,802,454
Balance at December 31, 2022	\$ 70,464,566	\$ 64,773,687	\$ 5,690,879

The plan's fiduciary net position represents 91.9 percent of the total pension liability.

December 31, 2022

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, 2022, the Township recognized aggregate pension expense of \$5,405,719 from all plans.

At December 31, 2022, 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	\$ -	\$ 651,448	\$ -	\$ -
Changes in assumptions	805,635	-	-	-
Net difference between projected and actual earnings on pension plan investments	6,150,817	-	7,108,987	-
Total	\$ 6,956,452	\$ 651,448	\$ 7,108,987	\$ -

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

Years Ending December 31	Police and Fire	General Employees'	Total
2023	\$ (1,314,915)	\$ (312,509)	\$ (1,627,424)
2024	1,007,225	1,142,564	2,149,789
2025	2,233,283	2,496,041	4,729,324
2026	4,379,411	3,782,891	8,162,302
Total	\$ 6,305,004	\$ 7,108,987	\$ 13,413,991

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)	5.0%	4.0%
Investment rate of return (net of investment expenses)	6.75%	6.50%
Mortality rates	PubS-2010 with generational mortality improvements based on MP-2021	PubG-2010 with generational mortality improvements based on MP-2021

The actuarial assumptions used in the January 1, 2022 actuarial valuation date valuation were based on the results of actuarial experience studies for the period from 2013 to 2017.

December 31, 2022

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.

	Police and Fire Retirement System	General Employees' Retirement System
Assumed investment rate of return	6.75	6.50
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	6.50

Investment Rate of Return

Best estimates of geometric real rates of return as of the December 31, 2022 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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	77.00 %	4.43 %
Domestic bonds	18.00	1.52
Real estate	2.00	3.54
Alternatives	3.00	7.40

General Employees' Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	49.00 %	4.16 %
U.S. government or agency fixed income	25.00	1.52
International equity	10.00	4.64
Real estate	5.00	3.54
Private equity	10.00	7.40
Cash or cash equivalents	1.00	-

December 31, 2022

Note 7 - Pension Plans (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Township, calculated using the discount rate of 6.5 percent for the General Employees' Retirement System and 6.75 percent for the Police and Fire Retirement System, 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	Current Discount Rate	1 Percentage Point Increase
Net pension liability of the Police and Fire Retirement System	\$ 28,636,682	\$ 15,896,446	\$ 5,180,783
Net pension liability (asset) of the General Employees' Retirement System	13,136,045	5,690,879	(624,377)
Total	\$ 41,772,727	\$ 21,587,325	\$ 4,556,406

Assumption Changes

Both pension plans updated the mortality improvement scale and assumed salary increases. The General Employees' Retirement System reduced the assumed investment rate of return from 6.75 percent to 6.50 percent.

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, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (11.95) and (16.84) 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.

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

December 31, 2022

Note 7 - Pension Plans (Continued)

The balances of the reserve accounts at December 31, 2022 are as follows:

Police and Fire Retirement System

	Required Reserve	Amount Funded
Retiree reserve	\$ 76,858,753	\$ 76,858,753
Employee reserve	4,571,498	4,571,498
Employer reserve	-	21,501,180
Total	\$ 81,430,251	\$ 102,931,431

General Employees' Retirement System

	Required Reserve	Amount Funded
Retiree reserve	\$ 39,268,875	\$ 39,268,875
Employee reserve	96,704	96,704
Employer reserve	-	25,408,108
Total	\$ 39,365,579	\$ 64,773,687

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 fair 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, 2022.

December 31, 2022

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 fair 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 were two DROP members at December 31, 2022.

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 January 1, 2022, 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	319
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	153
Total plan members	476

December 31, 2022

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 \$8,433,321, plus it contributed \$4,944,430 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, 2022 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, 2022 measurement date. The December 31, 2022 total OPEB liability was determined by an actuarial valuation performed as of January 1, 2022, which used update procedures to roll forward the estimated liability to December 31, 2022.

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
Balance at January 1, 2022	\$ 150,788,543	\$ 41,080,230	\$ 109,708,313
Changes for the year:			
Service cost	2,450,355	-	2,450,355
Interest	9,690,948	-	9,690,948
Changes in benefits	(37,348,045)	-	(37,348,045)
Differences between expected and actual experience	1,680,610	-	1,680,610
Changes in assumptions	1,510,782	-	1,510,782
Contributions - Employer	-	13,377,751	(13,377,751)
Contributions - Employee	-	38,627	(38,627)
Net investment loss	-	(6,574,004)	6,574,004
Benefit payments, including refunds	(8,433,321)	(8,433,321)	-
Administrative expenses	-	(10,475)	10,475
Net changes	(30,448,671)	(1,601,422)	(28,847,249)
Balance at December 31, 2022	\$ 120,339,872	\$ 39,478,808	\$ 80,861,064

The plan's fiduciary net position represents 32.8 percent of the total OPEB liability.

December 31, 2022

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, 2022, the Township recognized OPEB cost recovery of \$33,255,486.

At December 31, 2022, 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	\$ 1,260,458	\$ 7,447,104
Changes in assumptions	1,133,087	-
Net difference between projected and actual earnings on OPEB plan investments	4,264,448	-
Total	\$ 6,657,993	\$ 7,447,104

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
2023	\$ (2,603,838)
2024	(2,087,153)
2025	2,021,123
2026	1,880,757
Total	\$ (789,111)

Actuarial Assumptions

The total OPEB liability in the January 1, 2022 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 2023, decreasing to an ultimate rate of 4.5 percent for 2029 and later years; and the Pub-2010 Mortality Tables fully generational using scale MP-2021. 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, 2022

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, 2022 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed below, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
U.S. large cap	4.10 %
U.S. mid cap	4.55
U.S. small cap	4.55
International developed equity	4.64
International emerging market equity	5.45
Public real estate investment trust fund	3.54
Hedge funds - Diversified	3.04
Intermediate-term taxable	1.52

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	\$ 93,856,965	\$ 80,861,064	\$ 69,933,178

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 2023, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent for 2029 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	\$ 71,457,440	\$ 80,861,064	\$ 92,133,363

Assumption Changes

The mortality tables were updated to Pub-2010 Mortality Tables using generational Scale MP-2021 from MP-2020.

December 31, 2022**Note 8 - Other Postemployment Benefit Plan (Continued)*****Benefit Changes***

Effective January 1, 2022, all eligible retirees are provided health care benefits at the same level provided to active employees. Retirees eligible for Medicare are required to choose between two Medicare advantage plans.

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, 2022:

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
 Total	 100.00 %

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was (15.23) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

December 31, 2022

Note 9 - Pension and Other Postemployment Benefit Trust Funds

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

	Police and Fire Retirement System	General Employees' Retirement System	Other Postemployment Benefits
Statement of Net Position			
Cash and cash equivalents	\$ 73,906	\$ 29,715	\$ 5,463,516
Fixed-income funds	-	15,145,051	3,966,420
Publicly traded partnerships	27,232,336	3,103,867	1,780,947
Stocks	32,497,041	35,224,810	26,845,775
Mutual funds	30,125,679	7,174,664	-
Real estate investment funds	360,479	2,853,950	-
Pension manager short-term funds	12,069,248	1,808,891	-
Securities lending short-term collateral bank investment pool - Mutual funds	-	20,776	-
Prepaid items	634,694	377,926	-
Accounts payable	62,064	888	-
Accrued liabilities and other	-	943,918	-
Obligations under securities lending agreements	-	21,225	-
Net position	<u>\$ 102,931,319</u>	<u>\$ 64,773,619</u>	<u>\$ 38,056,658</u>
Statement of Changes in Net Position			
Interest and dividends	\$ 2,624,147	\$ 940,928	\$ 1,357,163
Net decrease in fair value of investments	(16,011,323)	(14,067,783)	(7,732,081)
Investment costs	(439,193)	(368,294)	(199,086)
Employer contributions	2,898,154	606,783	13,377,751
Employee contributions	318,173	3,771	38,627
Benefit payments	8,763,979	4,558,305	8,433,321
Administrative expenses	68,211	86,901	10,475
Net change in net position	<u>\$ (19,442,232)</u>	<u>\$ (17,529,801)</u>	<u>\$ (1,601,422)</u>

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 \$2,359,039 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.

December 31, 2022**Note 11 - Risk Management (Continued)**

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	
	2022	2021	2022	2021
Estimated liability - Beginning of year	\$ 196,634	\$ 133,405	\$ 613,777	\$ 681,755
Estimated claims incurred, including changes in estimates	176,011	88,058	168,044	158,680
Claim payments	(78,536)	(24,829)	(292,830)	(226,658)
Estimated liability - End of year	<u>\$ 294,109</u>	<u>\$ 196,634</u>	<u>\$ 488,991</u>	<u>\$ 613,777</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, 2022 were \$32,795,000.

Note 13 - Leases

The Township leases cell tower space to various third parties. Payments are generally fixed annually, with certain variable payments not included in the measurement of the lease receivable required based on whether the cell phone tower space is subleased.

During the year ended December 31, 2022, the Township recognized the following related to its lessor agreements:

Lease revenue	\$ 166,489
Interest income related to its leases	105,537

Required Supplementary Information

Charter Township of Waterford

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended December 31, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 9,316,292	\$ 8,908,425	\$ 8,941,806	\$ 33,381
Intergovernmental	7,153,195	8,323,053	8,453,863	130,810
Charges for services	1,187,302	1,187,302	1,233,899	46,597
Fines and forfeitures	1,013,600	1,139,100	1,209,369	70,269
Licenses and permits	610,700	810,083	904,182	94,099
Investment income	627,938	580,000	640,950	60,950
Other revenue:				
Other miscellaneous income	63,799	53,799	87,061	33,262
Cable franchise fees	1,085,829	891,127	948,425	57,298
Refunds and reimbursements	152,500	444,953	521,817	76,864
Total revenue	21,211,155	22,337,842	22,941,372	603,530
Expenditures				
Current services:				
General government:				
Township board	59,161	59,161	55,972	3,189
Supervisor and assessing	1,047,072	1,111,579	1,032,299	79,280
Elections	336,646	383,540	375,305	8,235
Personnel	267,465	280,190	273,949	6,241
Information service	485,477	542,169	513,544	28,625
Treasurer	798,353	874,003	816,883	57,120
General service	2,067,399	2,062,579	1,839,181	223,398
Clerk	810,599	946,423	905,354	41,069
Retiree benefits	844,621	844,621	835,188	9,433
Facilities and operations	108,555	870,623	870,593	30
District court	2,763,750	2,790,543	2,679,214	111,329
Public safety:				
Police	74,591	74,591	44,595	29,996
Building inspection	1,479,381	1,490,230	1,440,928	49,302
Planning department	1,736,408	1,624,825	1,500,508	124,317
Capital outlay	465,450	613,642	505,361	108,281
Total expenditures	13,344,928	14,568,719	13,688,874	879,845
Excess of Revenue Over Expenditures	7,866,227	7,769,123	9,252,498	1,483,375
Other Financing (Uses) Sources				
Transfers out	(7,853,356)	(8,541,146)	(8,491,136)	50,010
Sale of capital assets	5,000	5,000	1,415	(3,585)
Total other financing uses	(7,848,356)	(8,536,146)	(8,489,721)	46,425
Net Change in Fund Balance	17,871	(767,023)	762,777	1,529,800
Fund Balance - Beginning of year	15,835,534	15,835,534	15,835,534	-
Fund Balance - End of year	\$ 15,853,405	\$ 15,068,511	\$ 16,598,311	\$ 1,529,800

Charter Township of Waterford

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

Year Ended December 31, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 7,172,858	\$ 6,891,986	\$ 6,901,899	\$ 9,913
Intergovernmental	38,353	38,353	45,238	6,885
Charges for services	23,500	23,500	46,640	23,140
Fines and forfeitures	66,960	66,960	66,096	(864)
Licenses and permits	39,750	39,750	42,937	3,187
Investment income	81,665	46,174	47,300	1,126
Other revenue	384,100	384,100	577,818	193,718
Total revenue	7,807,186	7,490,823	7,727,928	237,105
Expenditures				
Current services - Public safety	16,014,796	15,033,587	14,832,004	201,583
Capital outlay	357,359	414,719	347,908	66,811
Total expenditures	16,372,155	15,448,306	15,179,912	268,394
Excess of Expenditures Over Revenue	(8,564,969)	(7,957,483)	(7,451,984)	505,499
Other Financing Sources (Uses)				
Transfers in	8,637,094	8,101,509	8,101,509	-
Transfers out	-	(400,000)	(400,000)	-
Sale of capital assets	12,500	12,500	1,250	(11,250)
Total other financing sources	8,649,594	7,714,009	7,702,759	(11,250)
Net Change in Fund Balance	84,625	(243,474)	250,775	494,249
Fund Balance - Beginning of year	3,668,074	3,668,074	3,668,074	-
Fund Balance - End of year	\$ 3,752,699	\$ 3,424,600	\$ 3,918,849	\$ 494,249

Charter Township of Waterford

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

Year Ended December 31, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 6,278,146	\$ 6,034,831	\$ 6,045,812	\$ 10,981
Intergovernmental	24,652	24,652	24,759	107
Charges for services	10,642,799	10,880,294	11,095,919	215,625
Investment income	79,514	46,744	48,078	1,334
Other revenue	66,500	245,050	393,715	148,665
Total revenue	17,091,611	17,231,571	17,608,283	376,712
Expenditures				
Current services - Public safety	19,826,073	19,885,668	19,598,123	287,545
Capital outlay	1,137,620	784,688	616,136	168,552
Total expenditures	20,963,693	20,670,356	20,214,259	456,097
Excess of Expenditures Over Revenue	(3,872,082)	(3,438,785)	(2,605,976)	832,809
Other Financing Sources (Uses)				
Transfers in	4,161,766	4,255,936	4,256,036	100
Transfers out	(275,000)	(962,241)	(962,241)	-
Sale of capital assets	14,500	14,500	5,670	(8,830)
Total other financing sources	3,901,266	3,308,195	3,299,465	(8,730)
Net Change in Fund Balance	29,184	(130,590)	693,489	824,079
Fund Balance - Beginning of year	4,011,693	4,011,693	4,011,693	-
Fund Balance - End of year	\$ 4,040,877	\$ 3,881,103	\$ 4,705,182	\$ 824,079

Charter Township of Waterford

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

Year Ended December 31, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 6,728,360	\$ 6,728,360	\$ 6,444,195	\$ (284,165)
Investment income	16,800	16,800	1,684	(15,116)
Total revenue	6,745,160	6,745,160	6,445,879	(299,281)
Expenditures	-	-	-	-
Excess of Revenue Over Expenditures	6,745,160	6,745,160	6,445,879	(299,281)
Other Financing Uses - Transfers out	(6,731,860)	(6,460,445)	(6,460,545)	(100)
Net Change in Fund Balance	13,300	284,715	(14,666)	(299,381)
Fund Balance - Beginning of year	95,889	95,889	95,889	-
Fund Balance - End of year	\$ 109,189	\$ 380,604	\$ 81,223	\$ (299,381)

Charter Township of Waterford

Required Supplementary Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Grant Fund

Year Ended December 31, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental	\$ 4,640,006	\$ 3,440,006	\$ 21,241	\$ (3,418,765)
Investment income	-	30,000	41,968	11,968
Total revenue	4,640,006	3,470,006	63,209	(3,406,797)
Expenditures - Current services - General government	4,640,006	3,440,006	21,241	3,418,765
Net Change in Fund Balance	-	30,000	41,968	11,968
Fund Balance - Beginning of year	11,856	11,856	11,856	-
Fund Balance - End of year	\$ 11,856	\$ 41,856	\$ 53,824	\$ 11,968

Charter Township of Waterford

Required Supplementary Information Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios Police and Fire Retirement System

	Last Nine Fiscal Years*								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 1,446,453	\$ 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	7,771,289	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	(1,302,899)	(2,887,021)	725,271	315,196	(579,972)	216,738	(1,095,732)	397,609	-
Changes in assumptions	1,611,270	4,065,331	-	-	3,908,249	-	-	-	-
Benefit payments, including refunds	(8,763,979)	(7,989,006)	(7,652,406)	(8,483,981)	(7,289,656)	(7,656,114)	(6,966,018)	(7,234,304)	(5,711,969)
Net Change in Total Pension Liability	762,134	2,294,663	1,940,336	660,416	4,946,571	1,334,146	761,422	1,880,550	2,976,263
Total Pension Liability - Beginning of year	118,065,743	115,771,080	113,830,744	113,170,328	108,223,757	106,889,611	106,128,189	104,247,639	101,271,376
Total Pension Liability - End of year	\$ 118,827,877	\$ 118,065,743	\$ 115,771,080	\$ 113,830,744	\$ 113,170,328	\$ 108,223,757	\$ 106,889,611	\$ 106,128,189	\$ 104,247,639
Plan Fiduciary Net Position									
Contributions - Employer	\$ 2,898,154	\$ 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	318,173	303,661	375,095	338,105	359,818	381,439	367,992	395,861	446,148
Net investment (loss) income	(13,826,369)	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	(68,211)	(25,979)	(43,891)	(43,298)	(561,214)	(458,499)	(452,779)	(522,512)	(560,067)
Benefit payments, including refunds	(8,763,979)	(7,989,006)	(7,652,406)	(8,483,981)	(7,289,656)	(7,656,114)	(6,966,018)	(7,234,304)	(5,711,969)
Net Change in Plan Fiduciary Net Position	(19,442,232)	13,277,838	8,774,808	12,962,485	(10,122,986)	8,721,220	5,915,550	(5,260,051)	2,653,931
Plan Fiduciary Net Position - Beginning of year	122,373,663	109,095,825	100,321,017	87,358,532	97,481,518	88,760,298	82,844,748	88,104,799	85,450,868
Plan Fiduciary Net Position - End of year	\$ 102,931,431	\$ 122,373,663	\$ 109,095,825	\$ 100,321,017	\$ 87,358,532	\$ 97,481,518	\$ 88,760,298	\$ 82,844,748	\$ 88,104,799
Township's Net Pension Liability (Asset) - Ending	\$ 15,896,446	\$ (4,307,920)	\$ 6,675,255	\$ 13,509,727	\$ 25,811,796	\$ 10,742,239	\$ 18,129,313	\$ 23,283,441	\$ 16,142,840
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.62 %	103.65 %	94.23 %	88.13 %	77.19 %	90.07 %	83.04 %	78.06 %	84.51 %
Covered Payroll	\$ 5,521,826	\$ 5,786,009	\$ 5,956,794	\$ 6,075,423	\$ 6,426,594	\$ 6,344,741	\$ 6,651,574	\$ 6,794,855	\$ 7,273,279
Township's Net Pension Liability (Asset) as a Percentage of Covered Payroll	287.88 %	(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 Supplementary Information Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios General Employees' Retirement System

	Last Nine Fiscal Years*								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 521,939	\$ 472,473	\$ 525,397	\$ 589,506	\$ 700,386	\$ 783,877	\$ 820,172	\$ 900,676	\$ 983,329
Interest	4,484,342	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	315,392	(1,084,000)	165,836	(185,854)	(118,483)	(2,236,843)	(625,074)	(1,163,975)	-
Changes in assumptions	1,509,285	1,396,443	-	-	1,693,457	-	-	-	-
Benefit payments, including refunds	(4,558,305)	(4,461,727)	(4,392,813)	(4,233,878)	(3,746,991)	(3,755,287)	(3,893,369)	(3,590,647)	(3,481,965)
Net Change in Total Pension Liability	2,272,653	756,395	674,278	518,183	2,858,647	(818,079)	643,311	468,269	1,710,538
Total Pension Liability - Beginning of year	68,191,913	67,435,518	66,761,240	66,243,057	63,384,410	64,202,489	63,559,178	63,090,909	61,380,371
Total Pension Liability - End of year	\$ 70,464,566	\$ 68,191,913	\$ 67,435,518	\$ 66,761,240	\$ 66,243,057	\$ 63,384,410	\$ 64,202,489	\$ 63,559,178	\$ 63,090,909
Plan Fiduciary Net Position									
Contributions - Employer	\$ 606,783	\$ 858,317	\$ 984,672	\$ 761,758	\$ 674,987	\$ 989,146	\$ 1,249,587	\$ 1,555,154	\$ 1,729,217
Contributions - Member	3,771	5,120	6,333	8,742	11,627	11,489	14,822	17,565	17,609
Net investment (loss) income	(13,495,149)	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	(86,901)	(54,851)	(43,905)	(49,297)	(416,490)	(383,813)	(368,089)	(401,114)	(406,264)
Benefit payments, including refunds	(4,558,305)	(4,461,727)	(4,392,813)	(4,233,878)	(3,746,991)	(3,755,287)	(3,893,369)	(3,590,647)	(3,481,965)
Net Change in Plan Fiduciary Net Position	(17,529,801)	7,693,968	7,720,394	7,643,240	(6,290,998)	6,104,649	(308,177)	(1,697,827)	1,578,742
Plan Fiduciary Net Position - Beginning of year	82,303,488	74,609,520	66,889,126	59,245,886	65,536,884	59,432,235	59,740,412	61,438,239	59,859,497
Plan Fiduciary Net Position - End of year	\$ 64,773,687	\$ 82,303,488	\$ 74,609,520	\$ 66,889,126	\$ 59,245,886	\$ 65,536,884	\$ 59,432,235	\$ 59,740,412	\$ 61,438,239
Township's Net Pension Liability (Asset) - Ending	\$ 5,690,879	\$ (14,111,575)	\$ (7,174,002)	\$ (127,886)	\$ 6,997,171	\$ (2,152,474)	\$ 4,770,254	\$ 3,818,766	\$ 1,652,670
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.92 %	120.69 %	110.64 %	100.19 %	89.44 %	103.40 %	92.57 %	93.99 %	97.38 %
Covered Payroll	\$ 3,104,297	\$ 3,523,615	\$ 3,474,846	\$ 3,787,197	\$ 3,911,445	\$ 4,463,488	\$ 4,525,599	\$ 4,948,841	\$ 5,664,337
Township's Net Pension Liability (Asset) as a Percentage of Covered Payroll	183.32 %	(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 Supplementary Information

Schedule of Pension Contributions

Police and Fire Retirement System

Last Ten Fiscal Years

Years Ended December 31

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 2,898,154	\$ 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
Contributions in relation to the actuarially determined contribution	2,898,154	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
Contribution Deficiency	\$ -									
Covered Payroll	\$ 5,521,826	\$ 5,786,009	\$ 5,956,794	\$ 6,075,423	\$ 6,426,594	\$ 6,344,741	\$ 6,651,574	\$ 6,794,855	\$ 7,273,279	\$ 8,800,000
Contributions as a Percentage of Covered Payroll	52.49 %	52.74 %	55.88 %	50.15 %	44.37 %	46.44 %	47.93 %	48.03 %	46.56 %	36.95 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of January 1, which is 12 months prior to beginning of the fiscal year in which the contributions are reported. Specifically, the fiscal year 2022 contribution was determined from the January 1, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	14 years
Asset valuation method	4-year smoothed fair value 20 percent corridor
Inflation	3.5 percent wage inflation, 2.5 percent price inflation
Salary increase	3.5 to 7.9 percent, including inflation
Investment rate of return	6.75 percent
Retirement age	Experience-based table of rates that are specific to type of eligibility condition
Mortality	PubS-2010 Mortality with generation improvements based on the scale MP-2020

Charter Township of Waterford

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

Last Ten Fiscal Years

Years Ended December 31

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 606,783	\$ 858,317	\$ 984,672	\$ 761,758	\$ 674,987	\$ 989,146	\$ 1,249,587	\$ 1,555,154	\$ 1,729,217	\$ 1,922,105
Contributions in relation to the actuarially determined contribution	606,783	858,317	984,672	761,758	674,987	989,146	1,249,587	1,555,154	1,729,217	1,922,105
Contribution Deficiency	\$ -									
Covered Payroll	\$ 3,104,297	\$ 3,523,615	\$ 3,474,846	\$ 3,787,197	\$ 3,911,445	\$ 4,463,488	\$ 4,525,599	\$ 4,948,841	\$ 5,664,337	\$ 5,800,000
Contributions as a Percentage of Covered Payroll	19.55 %	24.36 %	28.34 %	20.11 %	17.26 %	22.16 %	27.61 %	31.42 %	30.53 %	33.14 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of January 1, which is 12 months prior to beginning of the fiscal year in which the contributions are reported. Specifically, the fiscal year 2022 contribution was determined from the January 1, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	12 years
Asset valuation method	4-year smoothed fair value 25 percent corridor
Inflation	3.5 percent wage inflation, 2.5 percent price inflation
Salary increase	3.5 to 6.7 percent, including inflation
Investment rate of return	6.75 percent
Retirement age	Experience-based table of rates that are specific to type of eligibility condition
Mortality	PubG-2010 Mortality with generation improvements based on the scale MP-2020

Charter Township of Waterford

Required Supplementary Information Schedule of Pension Investment Returns

	Last Nine Fiscal Years*								
	Years Ended December 31								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment related expenses:									
Police and Fire Retirement System	(11.95)%	17.27 %	14.06 %	20.83 %	(5.56)%	15.54 %	7.10 %	(1.50)%	6.10 %
General Employees' Retirement System	(16.84)%	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 Supplementary Information Schedule of Changes in the Net OPEB Liability and Related Ratios

	Last Six Fiscal Years*					
	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 2,450,355	\$ 2,484,746	\$ 2,241,557	\$ 2,272,870	\$ 2,740,489	\$ 2,720,492
Interest	9,690,948	10,355,415	9,943,261	10,798,395	10,348,900	9,903,055
Changes in benefit terms	(37,348,045)	-	-	-	-	-
Differences between expected and actual experience	1,680,610	(14,894,207)	-	(22,661,591)	-	-
Changes in assumptions	1,510,782	-	-	2,858,591	-	-
Benefit payments, including refunds	(8,433,321)	(7,849,727)	(6,689,934)	(6,127,114)	(5,753,465)	(5,795,277)
Net Change in Total OPEB Liability	(30,448,671)	(9,903,773)	5,494,884	(12,858,849)	7,335,924	6,828,270
Total OPEB Liability - Beginning of year	150,788,543	160,692,316	155,197,432	168,056,281	160,720,357	153,892,087
Total OPEB Liability - End of year	\$ 120,339,872	\$ 150,788,543	\$ 160,692,316	\$ 155,197,432	\$ 168,056,281	\$ 160,720,357
Plan Fiduciary Net Position						
Contributions - Employer	\$ 13,377,751	\$ 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	38,627	45,990	53,019	53,342	54,245	54,831
Net investment (loss) income	(6,574,004)	5,442,761	3,523,484	3,641,920	(934,859)	1,431,730
Administrative expenses	(10,475)	(5,665)	(4,098)	(56,734)	(49,049)	(30,839)
Benefit payments, including refunds	(8,433,321)	(7,849,727)	(6,689,934)	(6,127,114)	(5,753,465)	(5,795,277)
Net Change in Plan Fiduciary Net Position	(1,601,422)	10,483,047	8,444,223	8,094,928	328,537	2,307,122
Plan Fiduciary Net Position - Beginning of year	41,080,230	30,597,183	22,152,960	14,058,032	13,729,495	11,422,373
Plan Fiduciary Net Position - End of year	\$ 39,478,808	\$ 41,080,230	\$ 30,597,183	\$ 22,152,960	\$ 14,058,032	\$ 13,729,495
Net OPEB Liability - Ending	\$ 80,861,064	\$ 109,708,313	\$ 130,095,133	\$ 133,044,472	\$ 153,998,249	\$ 146,990,862
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	32.81 %	27.24 %	19.04 %	14.27 %	8.37 %	8.54 %
Covered-employee Payroll	\$ 11,160,496	\$ 13,600,556	\$ 13,359,906	\$ 13,359,906	\$ 14,194,380	-
Net OPEB Liability as a Percentage of Covered-employee Payroll	724.53 %	806.65 %	973.77 %	- %	- %	- %

*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 Supplementary Information Schedule of OPEB Contributions

	Last Ten Fiscal Years Years Ended December 31									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 11,010,823	\$ 12,538,544	\$ 12,775,978	\$ 12,810,250	\$ 13,698,860	\$ 13,688,352	\$ 11,999,428	\$ 12,015,032	\$ 10,824,674	\$ 10,816,125
Contributions in relation to the actuarially determined contribution	13,377,751	12,849,512	11,561,752	10,583,514	7,011,665	6,646,677	6,542,562	5,618,905	5,493,180	4,922,028
Contribution Excess (Deficiency)	\$ 2,366,928	\$ 310,968	\$ (1,214,226)	\$ (2,226,736)	\$ (6,687,195)	\$ (7,041,675)	\$ (5,456,866)	\$ (6,396,127)	\$ (5,331,494)	\$ (5,894,097)
Covered-employee Payroll	\$ 11,160,496	\$ 13,600,556	\$ 13,359,906	\$ 13,359,906	\$ 14,194,380	\$ -				
Contributions as a Percentage of Covered-employee Payroll	119.87 %	94.48 %	86.54 %	79.22 %	49.40 %	- %	- %	- %	- %	- %

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	26 years, closed
Asset valuation method	Fair value
Inflation	3.50 percent
Health care cost trend rates	Trend starting at 8.0 percent in 2021, grading to 4.50 percent in 2028
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	Pub-2010 Tables with general scale MP-2020

Charter Township of Waterford

Required Supplementary Information Schedule of OPEB Investment Returns

	Last Six Fiscal Years* Years Ended December 31					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	(15.23)%	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 Supplementary Information

December 31, 2022

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	\$ 22,959,486	\$ 13,688,874	\$ (8,352,221)	\$ 18,536,069
Cemetery Care Fund	(15,626)	-	(125,000)	(883,484)
Workers' Compensation Fund	(2,488)	-	(12,500)	(1,054,274)
Amounts per budget statement	<u>\$ 22,941,372</u>	<u>\$ 13,688,874</u>	<u>\$ (8,489,721)</u>	<u>\$ 16,598,311</u>

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Township incurred no expenditures that were in excess of the amounts budgeted.

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.

In 2022, both pension plans updated the mortality improvement scale and assumed salary increases. The General Employees' Retirement System reduced the assumed investment rate of return from 6.75 percent to 6.50 percent.

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.

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

Charter Township of Waterford

Notes to Required Supplementary Information

December 31, 2022

In 2022, the mortality improvement scale was updated from MP-2020 to MP-2021.

Changes in Benefits

Effective January 1, 2022, all eligible retirees are provided health care benefits at the same level provided to active employees. Retirees eligible for Medicare are required to choose between two Medicare advantage plans.

Other Supplementary Information

Charter Township of Waterford

Other Supplementary Information Nonmajor Governmental Funds Fund Descriptions

Special Revenue Funds

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

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.

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

Special Revenue Funds								
	Community Development Block Grant	Library	Library Donations	Police Restricted Use	Nature Center	Cable Commission	Parks and Recreation	
Assets								
Cash and investments	\$ 580,757	\$ 3,253,077	\$ 260,777	\$ 868,448	\$ 576,873	\$ 835,753	\$ 2,369,125	
Receivables:								
Property taxes receivable	-	1,113,423	-	-	-	-	512,509	
Special assessments receivable	-	-	-	-	-	-	-	
Due from other governments	86,150	8,410	-	-	-	-	4,610	
Rehabilitation loan receivable	1,200,591	-	-	-	-	-	-	
Other receivables	-	-	-	-	-	-	6,097	
Prepaid items	-	-	-	-	-	-	-	
Total assets	\$ 1,867,498	\$ 4,374,910	\$ 260,777	\$ 868,448	\$ 576,873	\$ 835,753	\$ 2,369,125	
Liabilities								
Accounts payable	\$ 4,723	\$ 26,619	\$ -	\$ 1,914	\$ -	\$ 410	\$ 46,124	
Refundable deposits, bonds, etc.	-	-	-	-	-	-	11,429	
Accrued liabilities and other	9,615	116,127	-	-	-	2,857	104,449	
Unearned revenue	-	-	-	-	-	-	-	
Total liabilities	14,338	142,746	-	1,914	-	3,267	162,002	
Deferred Inflows of Resources								
Unavailable revenue	1,200,591	-	-	-	-	-	-	
Property taxes levied for the following year	-	2,602,092	-	-	-	-	1,197,743	
Total deferred inflows of resources	1,200,591	2,602,092	-	-	-	-	1,197,743	
Total liabilities and deferred inflows of resources	1,214,929	2,744,838	-	1,914	-	3,267	1,359,745	
Fund Balances								
Nonspendable - Prepays	-	-	-	-	-	-	-	
Restricted:								
Police	-	-	-	866,534	-	-	-	
Community development	452,569	-	-	-	-	-	-	
Library	-	1,630,072	260,777	-	-	-	-	
Nature center	-	-	-	-	576,873	-	-	
Michigan indigent defense	-	-	-	-	-	-	-	
Committed:								
Capital projects - Police	-	-	-	-	-	-	-	
Capital projects - General	-	-	-	-	-	-	-	
Capital projects - Fire	-	-	-	-	-	-	-	
Capital projects - Parks and recreation	-	-	-	-	-	-	-	
Assigned:								
Cable-related projects	-	-	-	-	-	832,486	-	
Community development	200,000	-	-	-	-	-	-	
Capital projects - Improvement revolving fund	-	-	-	-	-	-	-	
Parks and recreation	-	-	-	-	-	-	1,532,596	
Total fund balances	652,569	1,630,072	260,777	866,534	576,873	832,486	1,532,596	
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,867,498	\$ 4,374,910	\$ 260,777	\$ 868,448	\$ 576,873	\$ 835,753	\$ 2,369,125	

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2022

Special Revenue Funds	Capital Project Funds			
	Michigan Indigent Defense	Improvement Revolving	Capital Project Allocation	
\$ 201,055	\$ 5,435,233	\$ 7,542,204	\$ 21,923,302	
-	-	-	1,625,932	
-	6,660	-	6,660	
-	-	-	99,170	
-	-	-	1,200,591	
-	-	-	6,097	
-	-	537,241	537,241	
\$ 201,055	\$ 5,441,893	\$ 8,079,445	\$ 25,398,993	
\$ 5,358	\$ 25,716	\$ 233,857	\$ 344,721	
-	94,570	-	105,999	
-	-	-	233,048	
62,144	-	-	62,144	
67,502	120,286	233,857	745,912	
-	8,141	-	1,208,732	
-	-	-	3,799,835	
-	8,141	-	5,008,567	
67,502	128,427	233,857	5,754,479	
-	-	537,241	537,241	
-	-	-	866,534	
-	-	-	452,569	
-	-	-	1,890,849	
-	-	-	576,873	
133,553	-	-	133,553	
-	-	2,228,358	2,228,358	
-	-	1,779,674	1,779,674	
-	-	2,975,812	2,975,812	
-	-	324,503	324,503	
-	-	-	832,486	
-	-	-	200,000	
-	5,313,466	-	5,313,466	
-	-	-	1,532,596	
133,553	5,313,466	7,845,588	19,644,514	
\$ 201,055	\$ 5,441,893	\$ 8,079,445	\$ 25,398,993	

Charter Township of Waterford

	Special Revenue Funds				
	Community Development Block Grant	Library	Library Donations	Police Restricted Use	Nature Center
Revenue					
Property taxes	\$ -	\$ 2,088,688	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental:					
Federal grants	1,031,452	-	-	308,166	-
State sources	-	78,190	-	31,807	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	122,781	-	-	-
Licenses and permits	-	-	-	-	-
Investment income	-	14,581	-	4,823	1,174
Other revenue:					
Local contributions	-	2,000	248,384	-	-
Other miscellaneous income	-	5,495	-	21,365	-
Cable franchise fees	-	-	-	-	-
Total revenue	1,031,452	2,311,735	248,384	366,161	1,174
Expenditures					
Current services:					
General government	-	-	-	-	-
Public safety	-	-	-	82,714	-
Public works	-	-	-	-	-
Community and economic development	610,280	-	-	-	-
Recreation and culture	-	2,187,119	6,684	-	-
Capital outlay	-	191,517	2,489	67,019	-
Total expenditures	610,280	2,378,636	9,173	149,733	-
Excess of Revenue Over (Under) Expenditures	421,172	(66,901)	239,211	216,428	1,174
Other Financing Sources (Uses)					
Transfers in	-	75,000	-	-	-
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other financing sources	-	75,000	-	-	-
Net Change in Fund Balances	421,172	8,099	239,211	216,428	1,174
Fund Balances - Beginning of year	231,397	1,621,973	21,566	650,106	575,699
Fund Balances - End of year	\$ 652,569	\$ 1,630,072	\$ 260,777	\$ 866,534	\$ 576,873

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

Year Ended December 31, 2022

	Special Revenue Funds			Capital Project Funds			Total
	Cable Commission	Parks and Recreation	Michigan Indigent Defense	Improvement Revolving	Capital Project Allocation		
\$							
-	-	\$ 1,147,432	\$ -	-	\$ 15,845	-	\$ 3,236,120
							15,845
							1,339,618
							459,026
243,435		165,442	155,355	28,232	-	-	674,810
		431,375	-	-	-	-	
							122,781
							45,486
5,080		11,531	1,498	32,037	40,340	-	111,064
							268,988
							58,208
117,221		31,348	-	-	-	-	117,221
365,736		1,787,128	156,853	140,204	40,340		6,449,167
327,021		-	155,355	-	-	-	482,376
							82,714
							127,453
							610,280
							3,864,456
74,422		1,670,653	-	1,113,642	737,881		2,355,600
		168,630	-				
401,443		1,839,283	155,355	1,241,095	737,881		7,522,879
(35,707)		(52,155)	1,498	(1,100,891)	(697,541)		(1,073,712)
-		250,000	31,636	1,575,000	1,907,241		3,838,877
		(20,000)	-	-	-		(20,000)
3,500		-	-	-	-		3,500
3,500		230,000	31,636	1,575,000	1,907,241		3,822,377
(32,207)		177,845	33,134	474,109	1,209,700		2,748,665
864,693		1,354,751	100,419	4,839,357	6,635,888		16,895,849
\$ 832,486	\$ 1,532,596	\$ 133,553	\$ 5,313,466	\$ 7,845,588	\$ 19,644,514		

Charter Township of Waterford

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

Year Ended December 31, 2022

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Intergovernmental	\$ -	\$ 645,000	\$ 1,031,452	\$ 386,452
Expenditures - Current services - Community and economic development		- 645,000	610,280	34,720
Net Change in Fund Balance		-	421,172	421,172
Fund Balance - Beginning of year	231,397	231,397	231,397	-
Fund Balance - End of year	\$ 231,397	\$ 231,397	\$ 652,569	\$ 421,172

Charter Township of Waterford

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

Year Ended December 31, 2022

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 2,168,254	\$ 2,084,036	\$ 2,088,688	\$ 4,652
Intergovernmental	68,530	68,530	78,190	9,660
Fines and forfeitures	141,000	141,000	122,781	(18,219)
Investment income	21,625	11,700	14,581	2,881
Other revenue	1,600	1,600	7,495	5,895
Total revenue	2,401,009	2,306,866	2,311,735	4,869
Expenditures				
Current services - Recreation and culture -				
Library	2,311,830	2,318,944	2,187,119	131,825
Capital outlay	209,224	244,450	191,517	52,933
Total expenditures	2,521,054	2,563,394	2,378,636	184,758
Excess of Expenditures Over Revenue	(120,045)	(256,528)	(66,901)	189,627
Other Financing Sources - Transfers in	-	75,000	75,000	-
Net Change in Fund Balance	(120,045)	(181,528)	8,099	189,627
Fund Balance - Beginning of year	1,621,973	1,621,973	1,621,973	-
Fund Balance - End of year	\$ 1,501,928	\$ 1,440,445	\$ 1,630,072	\$ 189,627

Charter Township of Waterford

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

Year Ended December 31, 2022

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Other revenue - Local donations	\$ 11,000	\$ 241,193	\$ 248,384	\$ 7,191
Expenditures				
Current services - Recreation and culture -				
Library	10,000	10,000	6,684	3,316
Capital outlay	1,000	83,500	2,489	81,011
Total expenditures	<u>11,000</u>	<u>93,500</u>	<u>9,173</u>	<u>84,327</u>
Net Change in Fund Balance		147,693	239,211	91,518
Fund Balance - Beginning of year	<u>21,566</u>	<u>21,566</u>	<u>21,566</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 21,566</u>	<u>\$ 169,259</u>	<u>\$ 260,777</u>	<u>\$ 91,518</u>

Charter Township of Waterford

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

Year Ended December 31, 2022

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 339,973	\$ 304,973
Investment income	9,177	9,177	4,823	(4,354)
Other revenue	<u>23,000</u>	<u>23,000</u>	<u>21,365</u>	<u>(1,635)</u>
Total revenue	67,177	67,177	366,161	298,984
Expenditures				
Current services - Public safety	202,224	202,224	82,714	119,510
Capital outlay	-	78,870	67,019	11,851
Total expenditures	<u>202,224</u>	<u>281,094</u>	<u>149,733</u>	<u>131,361</u>
Net Change in Fund Balance	(135,047)	(213,917)	216,428	430,345
Fund Balance - Beginning of year	<u>650,106</u>	<u>650,106</u>	<u>650,106</u>	-
Fund Balance - End of year	<u>\$ 515,059</u>	<u>\$ 436,189</u>	<u>\$ 866,534</u>	<u>\$ 430,345</u>

Charter Township of Waterford

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

Year Ended December 31, 2022

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Investment income	\$ -	\$ -	\$ 1,174	\$ 1,174
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	- -	- -	1,174	1,174
Fund Balance - Beginning of year	<u>575,699</u>	<u>575,699</u>	<u>575,699</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 575,699</u>	<u>\$ 575,699</u>	<u>\$ 576,873</u>	<u>\$ 1,174</u>

Charter Township of Waterford

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

Year Ended December 31, 2022

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Charges for services	\$ 251,353	\$ 251,353	\$ 243,435	\$ (7,918)
Investment income	6,633	6,633	5,080	(1,553)
Other revenue	<u>119,450</u>	<u>119,450</u>	<u>117,221</u>	<u>(2,229)</u>
Total revenue	377,436	377,436	365,736	(11,700)
Expenditures				
Current services - General government	355,888	349,562	327,021	22,541
Capital outlay	<u>17,650</u>	<u>94,065</u>	<u>74,422</u>	<u>19,643</u>
Total expenditures	373,538	443,627	401,443	42,184
Other Financing Sources - Sale of capital assets	-	-	3,500	3,500
Net Change in Fund Balance	3,898	(66,191)	(32,207)	33,984
Fund Balance - Beginning of year	864,693	864,693	864,693	-
Fund Balance - End of year	\$ 868,591	\$ 798,502	\$ 832,486	\$ 33,984

Charter Township of Waterford

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

Year Ended December 31, 2022

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 1,194,115	\$ 1,147,706	\$ 1,147,432	\$ (274)
Intergovernmental	29,670	29,670	165,442	135,772
Charges for services	362,800	362,800	431,375	68,575
Investment income	14,366	9,300	11,531	2,231
Other revenue	18,250	18,250	31,348	13,098
Total revenue	1,619,201	1,567,726	1,787,128	219,402
Expenditures				
Current services - Recreation and culture	1,873,008	1,788,345	1,670,653	117,692
Capital outlay	148,350	228,100	168,630	59,470
Total expenditures	2,021,358	2,016,445	1,839,283	177,162
Excess of Expenditures Over Revenue	(402,157)	(448,719)	(52,155)	396,564
Other Financing Sources (Uses)				
Transfers in	200,000	250,000	250,000	-
Transfers out	(20,000)	(20,000)	(20,000)	-
Sale of capital assets	350	350	-	(350)
Total other financing sources	180,350	230,350	230,000	(350)
Net Change in Fund Balance	(221,807)	(218,369)	177,845	396,214
Fund Balance - Beginning of year	1,354,751	1,354,751	1,354,751	-
Fund Balance - End of year	\$ 1,132,944	\$ 1,136,382	\$ 1,532,596	\$ 396,214

Charter Township of Waterford

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

Year Ended December 31, 2022

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental Investment income	\$ 187,823 731	\$ 187,823 731	\$ 155,355 1,498	\$ (32,468) 767
Total revenue	188,554	188,554	156,853	(31,701)
Expenditures - Current services - General government	211,445	211,445	155,355	56,090
Excess of Revenue (Under) Over Expenditures	(22,891)	(22,891)	1,498	24,389
Other Financing Sources - Transfers in	23,622	23,622	31,636	8,014
Net Change in Fund Balance	731	731	33,134	32,403
Fund Balance - Beginning of year	100,419	100,419	100,419	-
Fund Balance - End of year	\$ 101,150	\$ 101,150	\$ 133,553	\$ 32,403

Charter Township of Waterford

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

Year Ended December 31, 2022

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Special assessments	\$ 5,000	\$ 5,000	\$ 15,845	\$ 10,845
Intergovernmental	45,000	45,000	28,232	(16,768)
Licenses and permits	35,000	35,000	45,486	10,486
Investment income	33,412	24,822	32,037	7,215
Other revenue	10,000	10,000	18,604	8,604
Total revenue	128,412	119,822	140,204	20,382
Expenditures				
Current services - General government	95,500	304,435	127,453	176,982
Capital outlay	1,588,000	1,755,439	1,113,642	641,797
Total expenditures	1,683,500	2,059,874	1,241,095	818,779
Excess of Expenditures Over Revenue	(1,555,088)	(1,940,052)	(1,100,891)	839,161
Other Financing Sources - Transfers in	1,075,000	1,575,000	1,575,000	-
Net Change in Fund Balance	(480,088)	(365,052)	474,109	839,161
Fund Balance - Beginning of year	4,839,357	4,839,357	4,839,357	-
Fund Balance - End of year	\$ 4,359,269	\$ 4,474,305	\$ 5,313,466	\$ 839,161

Charter Township of Waterford

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

Year Ended December 31, 2022

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Investment income	\$ 11,340	\$ 11,340	\$ 40,340	\$ 29,000
Expenditures - Capital outlay	<u>672,000</u>	<u>906,000</u>	<u>737,881</u>	<u>168,119</u>
Excess of Expenditures Over Revenue	(660,660)	(894,660)	(697,541)	197,119
Other Financing Sources - Transfers in	<u>370,001</u>	<u>1,907,242</u>	<u>1,907,241</u>	<u>(1)</u>
Net Change in Fund Balance	(290,659)	1,012,582	1,209,700	197,118
Fund Balance - Beginning of year	<u>6,635,888</u>	<u>6,635,888</u>	<u>6,635,888</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 6,345,229</u>	<u>\$ 7,648,470</u>	<u>\$ 7,845,588</u>	<u>\$ 197,118</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 Supplementary Information Combining Statement of Net Position Internal Service Funds

December 31, 2022

	Motor Pool Fund	Fire Unemployment Costs Fund	Total
Assets			
Current assets:			
Cash and investments	\$ 189,398	\$ -	\$ 189,398
Inventory	78,667	-	78,667
	<hr/>	<hr/>	<hr/>
Total current assets	268,065	-	268,065
Noncurrent assets - Capital assets - Assets subject to depreciation - Net	292,612	-	292,612
	<hr/>	<hr/>	<hr/>
Total assets	560,677	-	560,677
Liabilities - Current - Accounts payable	7,252	-	7,252
Net Position			
Net investment in capital assets	292,612	-	292,612
Unrestricted	260,813	-	260,813
	<hr/>	<hr/>	<hr/>
Total net position	\$ 553,425	\$ -	\$ 553,425

Charter Township of Waterford

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

Year Ended December 31, 2022

	Motor Pool Fund	Unemployment Costs Fund	Fire	Total
Operating Expenses				
Billing and administrative costs (including OPEB cost recovery)	\$ 4,599	\$ -	\$ 4,599	
Unemployment cost	-	297	297	
Depreciation	6,011	-	6,011	
Total operating expenses	<u>10,610</u>	<u>297</u>	<u>10,907</u>	
Operating Loss	(10,610)	(297)	(10,907)	
Nonoperating Revenue (Expense)				
Investment income	317	297	614	
Loss on sale of assets	(15,537)	-	(15,537)	
Total nonoperating (expense) revenue	<u>(15,220)</u>	<u>297</u>	<u>(14,923)</u>	
Change in Net Position	(25,830)	-	(25,830)	
Net Position - Beginning of year	<u>579,255</u>	<u>-</u>	<u>579,255</u>	
Net Position - End of year	<u><u>\$ 553,425</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 553,425</u></u>	

Charter Township of Waterford

Other Supplementary Information Combining Statement of Cash Flows Internal Service Funds

Year Ended December 31, 2022

	Motor Pool Fund	Unemployment Costs Fund	Fire	Total
Cash Flows from Operating Activities				
Payments to suppliers	\$ (23,290)	\$ -	\$ (23,290)	
Refund of unused grant proceeds	<u>-</u>	<u>(252,133)</u>	<u>(252,133)</u>	
Net cash and cash equivalents used in operating activities	(23,290)	(252,133)	(275,423)	
Cash Flows Provided by Financing Activities - Proceeds from sale of capital assets	4,599	-	4,599	
Cash Flows Provided by Investing Activities - Interest received on investments	317	297	614	
Net Decrease in Cash and Cash Equivalents	(18,374)	(251,836)	(270,210)	
Cash and Cash Equivalents - Beginning of year	207,772	251,836	459,608	
Cash and Cash Equivalents - End of year	<u>\$ 189,398</u>	<u>\$ -</u>	<u>\$ 189,398</u>	
Classification of Cash and Cash Equivalents - Cash and investments	<u>\$ 189,398</u>	<u>\$ -</u>	<u>\$ 189,398</u>	
Reconciliation of Operating Loss to Net Cash from Operating Activities				
Operating loss	\$ (10,610)	\$ (297)	\$ (10,907)	
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:				
Depreciation	6,011	-	6,011	
Changes in assets and liabilities:				
Inventories	698	-	698	
Accounts payable	(19,389)	-	(19,389)	
Estimated claims liability	<u>-</u>	<u>(251,836)</u>	<u>(251,836)</u>	
Net cash and cash equivalents used in operating activities	<u>\$ (23,290)</u>	<u>\$ (252,133)</u>	<u>\$ (275,423)</u>	

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 Supplementary Information Combining Statement of Fiduciary Net Position Fiduciary Funds

December 31, 2022

	Pension and Other Postemployment Benefit Trust Funds					Custodial Funds			
	Police and Fire Pension	General Employees' Pension	Other Postemployment Benefit Trust	Total	Tax Collections	District Court	Weed Control	Total	
Assets									
Cash and cash equivalents	\$ 73,906	\$ 29,715	\$ 5,463,516	\$ 5,567,137	\$ 4,857,953	\$ 40,790	\$ 638,375	\$ 5,537,118	
Investments:									
Fixed-income funds	-	15,145,051	3,966,420	19,111,471	-	-	-	-	
Publicly traded partnerships	27,232,336	3,103,867	1,780,947	32,117,150	-	-	-	-	
Stocks	32,497,041	35,224,810	26,845,775	94,567,626	-	-	-	-	
Mutual funds	30,125,679	7,174,664	-	37,300,343	-	-	-	-	
Real estate investment funds	360,479	2,853,950	-	3,214,429	-	-	-	-	
Pension manager short-term funds	12,069,248	1,808,891	-	13,878,139	-	-	-	-	
Securities lending short-term collateral bank investment pool -									
Mutual funds	-	20,776	-	20,776	-	-	-	-	
Receivables:									
Property taxes receivable	-	-	-	-	4,043,193	-	-	4,043,193	
Special assessments receivable	-	-	-	-	-	-	114,651	114,651	
Other receivables	112	68	1,422,150	1,422,330	-	-	-	-	
Prepaid items	634,694	377,926	-	1,012,620	-	-	-	-	
Total assets	102,993,495	65,739,718	39,478,808	208,212,021	8,901,146	40,790	753,026	9,694,962	
Liabilities									
Accounts payable	62,064	888	-	62,952	-	-	6,765	6,765	
Due to other governmental units	-	-	-	-	4,749,472	-	-	4,749,472	
Accrued liabilities and other	-	943,918	-	943,918	108,481	40,790	-	149,271	
Obligations under securities lending agreements	-	21,225	-	21,225	-	-	-	-	
Total liabilities	62,064	966,031	-	1,028,095	4,857,953	40,790	6,765	4,905,508	
Deferred Inflows of Resources - Property taxes and special assessments levied for the following year									
-	-	-	-	-	4,043,193	-	282,164	4,325,357	
Total liabilities and deferred inflows of resources	62,064	966,031	-	1,028,095	8,901,146	40,790	288,929	9,230,865	
Net Position									
Restricted:									
Pension	102,931,431	64,773,687	-	167,705,118	-	-	-	-	
Postemployment benefits other than pension	-	-	39,478,808	39,478,808	-	-	-	-	
Individuals, organizations, and other governments	-	-	-	-	-	-	464,097	464,097	
Total net position	\$ 102,931,431	\$ 64,773,687	\$ 39,478,808	\$ 207,183,926	\$ -	\$ -	\$ 464,097	\$ 464,097	

Charter Township of Waterford

Other Supplementary Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds

Year Ended December 31, 2022

	Pension and Other Postemployment Benefit Trust Funds					Custodial Funds			
	Police and Fire Pension	General Employees' Pension	Other Postemployment Benefit Trust	Total	Tax Collections	District Court	Weed Control	Total	
Additions									
Investment income (loss):									
Interest and dividends	\$ 2,624,147	\$ 940,928	\$ 1,357,163	\$ 4,922,238	-	\$ -	\$ -	\$ -	
Net decrease in fair value of investments	(16,011,323)	(14,067,783)	(7,732,081)	(37,811,187)	-	-	-	-	
Investment costs	(439,193)	(368,294)	(199,086)	(1,006,573)	-	-	-	-	
Net investment loss	(13,826,369)	(13,495,149)	(6,574,004)	(33,895,522)	-	-	-	-	
Contributions:									
Employer contributions	2,898,154	606,783	13,377,751	16,882,688	-	-	-	-	
Employee contributions	318,173	3,771	38,627	360,571	-	-	-	-	
Total contributions	3,216,327	610,554	13,416,378	17,243,259	-	-	-	-	
Property tax collections for other governments	-	-	-	-	74,159,418	-	-	74,159,418	
Special assessments	-	-	-	-	-	-	329,239	329,239	
District court receipts	-	-	-	-	-	552,738	-	552,738	
Total additions	(10,610,042)	(12,884,595)	6,842,374	(16,652,263)	74,159,418	552,738	329,239	75,041,395	
Deductions									
Benefit payments	8,763,979	4,558,305	8,433,321	21,755,605	-	-	-	-	
Administrative expenses	68,211	86,901	10,475	165,587	-	-	-	-	
Tax distributions to other governments	-	-	-	-	74,159,418	-	-	74,159,418	
Weed control	-	-	-	-	-	-	253,554	253,554	
District court disbursements	-	-	-	-	-	552,738	-	552,738	
Total deductions	8,832,190	4,645,206	8,443,796	21,921,192	74,159,418	552,738	253,554	74,965,710	
Net (Decrease) Increase in Fiduciary Net Position	(19,442,232)	(17,529,801)	(1,601,422)	(38,573,455)	-	-	75,685	75,685	
Net Position - Beginning of year	122,373,663	82,303,488	41,080,230	245,757,381	-	-	388,412	388,412	
Net Position - End of year	\$ 102,931,431	\$ 64,773,687	\$ 39,478,808	\$ 207,183,926	\$ -	\$ -	\$ 464,097	\$ 464,097	

Statistical Section

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

	As of December 31,			
	2013	2014	2015 *	2016
Governmental Activities:				
Net investment in capital assets	\$ 46,738,188	\$ 46,799,756	\$ 47,424,323	\$ 47,755,197
Restricted	5,058,980	5,299,562	5,512,742	5,573,050
Unrestricted	<u>(12,613,301)</u>	<u>(14,614,667)</u>	<u>(35,750,457)</u>	<u>(40,613,351)</u>
Total net position	<u>\$ 39,183,867</u>	<u>\$ 37,484,651</u>	<u>\$ 17,186,608</u>	<u>\$ 12,714,896</u>
Business-type Activities:				
Net investment in capital assets	\$ 74,702,495	\$ 76,598,026	\$ 75,365,037	\$ 76,149,383
Restricted	2,150,295	813,588	2,998,522	1,098,158
Unrestricted	<u>14,968,603</u>	<u>14,544,118</u>	<u>13,754,631</u>	<u>15,948,494</u>
Total net position	<u>\$ 91,821,393</u>	<u>\$ 91,955,732</u>	<u>\$ 92,118,190</u>	<u>\$ 93,196,035</u>
Primary Government in Total:				
Net investment in capital assets	\$ 121,440,683	\$ 123,397,782	\$ 122,789,360	\$ 123,904,580
Restricted	7,209,275	6,113,150	8,511,264	6,671,208
Unrestricted	<u>2,355,302</u>	<u>(70,549)</u>	<u>(21,995,826)</u>	<u>(24,664,857)</u>
Total net position	<u>\$ 131,005,260</u>	<u>\$ 129,440,383</u>	<u>\$ 109,304,798</u>	<u>\$ 105,910,931</u>

Source: Township's annual financial statements

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

** The Township implemented GASB No. 75 in 2018. The numbers in this table have not been updated retrospectively.

Net Position by Component

Last Ten Fiscal Years
(Unaudited)

As of December 31,

2017	2018**	2019	2020	2021	2022
\$ 49,917,271	\$ 51,276,047	\$ 50,863,258	\$ 51,139,451	\$ 52,629,567	\$ 53,667,473
5,006,923	5,027,552	4,947,475	4,779,142	4,668,478	5,202,192
(43,621,655)	(132,654,683)	(122,242,179)	(106,615,527)	(82,653,824)	(39,788,292)
\$ 11,302,539	\$ (76,351,084)	\$ (66,431,446)	\$ (50,696,934)	\$ (25,355,779)	\$ 19,081,373
\$ 77,300,259	\$ 78,449,817	\$ 78,011,843	\$ 73,861,071	\$ 79,466,052	\$ 80,075,882
2,342,415	1,572,136	786,958	6,253,705	386,799	312,153
15,485,980	3,544,020	4,891,823	9,580,664	13,437,291	21,977,727
\$ 95,128,654	\$ 83,565,973	\$ 83,690,624	\$ 89,695,440	\$ 93,290,142	\$ 102,365,762
\$ 127,217,530	\$ 129,725,864	\$ 128,875,101	\$ 125,000,522	\$ 132,095,619	\$ 133,743,355
7,349,338	6,599,688	5,734,433	11,032,847	5,055,277	5,514,345
(28,135,675)	(129,110,663)	(117,350,356)	(97,034,863)	(69,216,533)	(17,810,565)
\$ 106,431,193	\$ 7,214,889	\$ 17,259,178	\$ 38,998,506	\$ 67,934,363	\$ 121,447,135

Charter Township of Waterford

	As of December 31,			
	2013	2014	2015	2016
Expenses:				
General government	\$ 7,540,276	\$ 7,371,411	\$ 8,468,129	\$ 10,008,883
District Court	2,292,718	2,382,795	2,023,796	2,060,646
Police and fire	32,017,761	32,860,164	33,814,996	32,607,963
Building inspection	1,081,438	1,091,307	1,137,157	1,128,343
Public works activities	507,388	378,338	341,865	447,811
Community & economic development	1,326,708	1,407,689	1,365,836	1,436,840
Recreation and culture	4,426,465	4,172,091	4,106,423	4,235,473
Interest on long-term debt	217,799	194,547	170,170	144,707
Total expenses	<u>49,410,553</u>	<u>49,858,342</u>	<u>51,428,372</u>	<u>52,070,666</u>
Program revenues:				
Charges for services				
General government	2,807,268	2,642,128	1,832,510	1,952,187
District Court	1,350,596	1,282,052	1,037,257	1,072,440
Police and fire	8,447,612	8,567,130	8,366,943	8,486,146
Building inspection	444,680	636,514	594,148	667,341
Community & economic development	89,110	131,987	131,393	119,145
Recreation and culture	1,353,572	1,311,791	1,368,111	1,345,423
Other activities	93,480	592,061	544,191	534,973
Total charges for services	<u>14,586,318</u>	<u>15,163,663</u>	<u>13,874,553</u>	<u>14,177,655</u>
Operating grants and contributions	2,861,831	4,515,109	4,841,171	2,652,932
Capital grants and contributions	<u>18,657</u>	<u>117,289</u>	<u>38</u>	<u>32,731</u>
Total program revenue	<u>17,466,806</u>	<u>19,796,061</u>	<u>18,715,762</u>	<u>16,863,318</u>
Excess of Expenses Over Program Revenue	(31,943,747)	(30,062,281)	(32,712,610)	(35,207,348)
General revenues:				
Property taxes	21,072,941	21,006,495	22,021,348	22,553,997
State-shared revenues	5,664,103	5,784,757	5,764,563	5,913,916
Unrestricted investment earnings/(loss)	145,472	237,100	176,563	194,776
Franchise fees	1,142,999	1,193,645	1,250,899	1,243,092
Miscellaneous	250,348	141,068	491,375	829,855
Total general revenues	<u>28,275,863</u>	<u>28,363,065</u>	<u>29,704,748</u>	<u>30,735,636</u>
Change in net position	\$ (3,667,884)	\$ (1,699,216)	\$ (3,007,862)	\$ (4,471,712)

Source: Township's annual financial statements

Changes in Governmental Net Position

Last Ten Fiscal Years
(Unaudited)

As of December 31,

	2017	2018	2019	2020	2021	2022
\$	9,566,130	5,361,318	2,692,313	2,654,531	(1,922,889)	(6,821,859)
1,950,465	2,772,032	2,570,218	2,230,009	2,022,200	626,694	
31,148,383	38,386,451	33,854,132	28,832,069	24,350,585	14,142,198	
1,299,693	1,273,845	1,252,993	1,181,691	1,366,187	1,550,658	
644,788	818,722	670,260	671,591	835,880	815,804	
1,237,013	1,763,727	1,817,024	1,704,205	1,692,262	1,791,348	
4,457,445	5,146,552	3,718,735	3,467,112	3,161,179	3,223,617	
142,935	82,835	17,504	10,947	6,132	-	
<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>	<u>15,328,460</u>	
737,664	754,514	794,252	796,647	928,228	849,906	
1,089,797	1,114,223	1,041,707	785,457	922,189	925,456	
9,074,822	9,436,126	9,908,858	9,833,873	10,554,004	11,242,376	
703,837	1,142,404	877,047	592,755	801,177	891,282	
372,302	367,586	374,292	325,042	412,847	425,285	
1,127,118	1,145,407	1,177,979	275,601	493,291	554,156	
55,708	54,745	42,422	85,405	108,158	126,964	
<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>	<u>15,015,425</u>	
4,241,920	4,678,239	3,919,115	5,345,093	1,853,478	2,596,509	
5,000	10,940	14,501	100	-	3,604	
<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>	<u>17,615,538</u>	
(33,038,684)	(36,901,298)	(28,443,006)	(22,712,182)	(15,438,164)	2,287,078	
22,825,673	23,246,943	28,639,060	29,685,147	30,940,036	31,598,326	
6,403,176	6,603,644	6,852,470	6,796,110	7,896,046	8,325,179	
262,207	422,183	722,751	636,814	344,527	395,000	
1,210,578	1,141,743	1,131,587	1,099,017	1,103,363	1,065,646	
924,693	633,459	1,016,776	560,053	495,347	765,923	
<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>42,150,074</u>	
\$ (1,412,357)	\$ (4,853,326)	\$ 9,919,638	\$ 16,064,959	\$ 25,341,155	\$ 44,437,152	

Charter Township of Waterford

	As of December 31,			
	2013	2014	2015	2016
Operating Revenue				
Water usage billings	\$ 4,680,162	\$ 4,916,805	\$ 5,767,266	\$ 6,012,824
Sewage disposal charges	14,273,975	15,211,866	15,606,349	16,506,995
Other sales to customers	33,323	24,770	32,237	24,730
Charges for services	263,518	288,726	262,479	466,141
Operating grants	36,976	10,536	-	-
Total operating revenue	19,287,954	20,452,703	21,668,331	23,010,690
Operating Expenses				
Cost of water	1,640,029	1,658,724	1,600,899	1,690,175
Cost of sewage disposal	8,294,563	9,005,056	9,259,783	9,166,971
Operation and maintenance costs	578,010	730,739	727,738	799,509
Billing and administrative costs	5,461,724	5,525,326	5,677,345	5,847,148
Depreciation	3,682,610	3,586,054	4,022,724	4,138,057
Total operating expenses	19,656,936	20,505,899	21,288,489	21,641,860
Operating (Loss) Income	(368,982)	(53,196)	379,842	1,368,830
Nonoperating Revenue (Expenses)				
Gain (loss) on sale of assets	12,304	11,960	-	(95,143)
Operating grants	-	-	-	-
Investment income	110,795	135,605	114,119	107,899
Interest expense	(441,360)	(379,690)	(576,350)	(522,830)
Total nonoperating revenue (expense)	(318,261)	(232,125)	(462,231)	(510,074)
Income (Loss) - Before contributions	(687,243)	(285,321)	(82,389)	858,756
Capital Contributions	4,985,654	419,660	750,175	219,089
Change in Net Position	4,298,411	134,339	667,786	1,077,845
Change in Primary Government Net Position				
Change in governmental net position	(3,667,884)	(1,699,216)	(3,007,862)	(4,471,712)
Change in business-type net position	4,298,411	134,339	667,786	1,077,845
Total change in primary government net position	\$ 630,527	\$ (1,564,877)	\$ (2,340,076)	\$ (3,393,867)

Source: Township's annual financial statements

Changes in Business-type Net Position

Last Ten Fiscal Years
(Unaudited)

As of December 31,											
2017		2018		2019		2020	2021	2022			
\$	5,793,618	\$	5,818,649	\$	6,134,309	\$	6,895,847	\$	6,710,974	\$	7,588,021
16,673,937		17,205,120		17,541,306		17,950,840		17,413,909		18,548,595	
39,044		42,682		33,771		32,627		36,825		37,405	
500,839		434,160		385,026		394,422		437,165		1,120,830	
-		348,335		124,560		-		-		-	
	23,007,438		23,848,946		24,218,972		25,273,736		24,598,873		27,294,851
1,721,613		1,710,431		1,727,482		1,806,859		1,970,478		2,168,235	
9,677,724		9,980,975		10,192,062		9,820,447		9,593,868		9,846,848	
896,008		1,041,300		2,328,329		751,566		1,011,956		1,573,324	
5,057,079		4,795,245		4,458,218		1,929,440		2,409,702		(1,039,638)	
5,062,949		5,286,323		5,514,070		5,642,313		5,840,697		5,924,879	
	22,415,373		22,814,274		24,220,161		19,950,625		20,826,701		18,473,648
592,065		1,034,672		(1,189)		5,323,111		3,772,172		8,821,203	
101,451		12,012		53,598		8,593		-		-	
469,295		-		-		-		-		-	
146,368		314,230		307,450		520,139		(141,600)		172,776	
(508,114)		(725,060)		(728,440)		(721,910)		(741,313)		(662,655)	
	209,000		(398,818)		(367,392)		(193,178)		(882,913)		(489,879)
801,065		635,854		(368,581)		5,129,933		2,889,259		8,331,324	
1,131,554		902,428		493,232		874,883		705,443		744,296	
1,932,619		1,538,282		124,651		6,004,816		3,594,702		9,075,620	
(1,412,357)		(4,853,326)		9,919,638		16,064,959		25,341,155		44,437,152	
1,932,619		1,538,282		124,651		6,004,816		3,594,702		9,075,620	
	\$ 520,262		\$ (3,315,044)		\$ 10,044,289		\$ 22,069,775		\$ 28,935,857		\$ 53,512,772

Charter Township of Waterford

	As of December 31,			
	2013	2014	2015	2016
General Fund:				
Nonspendable	\$ 41,130	\$ 102,118	\$ 176,681	\$ 96,798
Committed	1,453,123	1,820,048	2,125,140	2,551,284
Assigned	-	-	-	64,373
Unassigned	2,892,642	4,412,750	5,804,705	7,254,216
Total general fund	<u>4,386,895</u>	<u>6,334,916</u>	<u>8,106,526</u>	<u>9,966,671</u>
All other governmental funds:				
Nonspendable	29,782	7	271,341	2,668
Restricted	3,610,425	3,870,972	4,029,098	4,018,863
Committed	-	-	145,000	441,499
Assigned	5,757,190	6,890,698	7,820,864	9,348,667
Total General Fund and all other governmental funds	<u>\$ 13,784,292</u>	<u>\$ 17,096,593</u>	<u>\$ 20,372,829</u>	<u>\$ 23,778,368</u>

Source: Township's annual financial statements

Fund Balances - Governmental Funds

Last Ten Fiscal Years
(Unaudited)

As of December 31,						
2017	2018	2019	2020	2021	2022	
\$ 192,148	\$ 68,596	\$ 87,676	\$ 6,409	\$ 191,834	\$ 168,774	
2,745,602	3,070,045	3,549,529	4,375,238	5,557,955	5,713,569	
534,566	-	-	-	-	-	
6,154,494	7,607,096	8,532,520	10,891,425	11,867,889	12,653,726	
9,626,810	10,745,737	12,169,725	15,273,072	17,617,678	18,536,069	
 276,216	 3	 997,588	 1,014,422	 524,524	 552,991	
3,812,681	3,901,915	3,816,298	3,603,925	3,097,049	4,001,601	
591,235	1,054,391	3,246,590	4,746,898	6,131,864	7,308,347	
10,165,176	11,232,977	13,578,378	13,942,511	14,929,924	16,540,653	
 \$ 24,472,118	 \$ 26,935,023	 \$ 33,808,579	 \$ 38,580,828	 \$ 42,301,039	 \$ 46,939,661	

Charter Township of Waterford

	As of December 31,			
	2013	2014	2015	2016
Revenue				
Property taxes	\$ 20,688,982	\$ 20,932,159	\$ 22,039,689	\$ 22,528,159
Intergovernmental revenue	8,508,876	10,670,673	9,711,390	8,685,835
Licenses and permits	485,610	657,977	612,176	696,992
Fines and forfeitures	1,588,776	1,544,005	1,507,749	1,501,791
Charges for services	10,411,618	10,636,717	10,749,411	10,847,802
Special assessments	927,510	830,284	855,076	837,264
Interest and miscellaneous	2,989,638	2,720,465	2,907,439	3,052,781
Total revenue	45,601,010	47,992,280	48,382,930	48,150,624
Expenditures				
Current:				
General government and district court	7,534,310	7,349,954	7,185,480	7,796,775
Public safety	28,800,415	29,953,841	29,746,712	29,410,301
Community and economic development	1,336,629	1,358,975	1,300,250	1,357,980
Recreation and culture	3,615,923	3,426,284	3,593,989	3,618,730
Miscellaneous	43,925	68,175	-	-
Capital outlay	684,405	1,148,223	1,893,200	1,372,641
Debt administration:				
Principal	1,095,000	1,175,000	1,232,932	1,344,032
Interest	228,107	199,527	164,731	127,970
Total expenditures	43,338,714	44,679,979	45,117,294	45,028,429
Excess of Revenue Over (Under) Expenditures	2,262,296	3,312,301	3,265,636	3,122,195
Other Financing Sources (Uses)				
Face value of debt issue	-	-	-	276,699
Proceeds from sale of capital assets	-	-	10,600	6,645
Transfers in	7,605,000	7,345,000	8,267,500	9,007,500
Transfers out	(7,605,000)	(7,345,000)	(8,267,500)	(9,007,500)
Total other financing sources (uses)	-	-	10,600	283,344
Net change in fund balances	2,262,296	3,312,301	3,276,236	3,405,539
Fund Balances - Beginning of year	11,521,996	13,784,292	17,096,593	20,372,829
Fund Balances - End of year	\$ 13,784,292	\$ 17,096,593	\$ 20,372,829	\$ 23,778,368
Debt service as a percentage of noncapital expenditures	3.10%	3.16%	3.23%	3.37%

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,						
	2017	2018	2019	2020	2021	2022
\$	22,828,163	\$ 23,242,014	\$ 28,647,354	\$ 29,676,669	\$ 30,948,924	\$ 31,569,832
10,706,072	11,033,711	10,464,386	11,379,894	9,507,515	10,343,745	
723,426	1,226,493	972,933	664,630	901,237	992,605	
1,576,247	1,576,665	1,539,971	1,144,655	1,490,579	1,398,246	
11,226,029	11,490,680	11,858,005	11,255,309	12,381,995	13,062,468	
328,236	322,266	324,748	17,157	16,146	15,845	
3,578,267	3,210,417	4,035,063	3,528,812	3,268,441	3,871,211	
<u>50,966,440</u>	<u>52,102,246</u>	<u>57,842,460</u>	<u>57,667,126</u>	<u>58,514,837</u>	<u>61,253,952</u>	
9,019,979	7,898,940	8,659,899	9,274,752	9,120,624	10,898,626	
32,110,975	32,779,431	34,114,138	35,164,379	35,560,835	35,998,364	
1,273,026	1,475,980	1,798,749	1,972,888	2,299,651	2,110,788	
3,798,000	3,793,252	4,222,055	3,491,142	3,740,494	3,864,456	
53,953	179,578	98,693	116,028	32,882	127,453	
2,601,873	1,732,409	2,178,085	2,446,302	3,786,632	3,627,478	
1,404,429	1,710,008	119,162	123,654	265,457	-	
149,663	83,210	13,272	10,106	7,254	-	
<u>50,411,898</u>	<u>49,652,808</u>	<u>51,204,053</u>	<u>52,599,251</u>	<u>54,813,829</u>	<u>56,627,165</u>	
554,542	2,449,438	6,638,407	5,067,875	3,701,008	4,626,787	
-	-	-	-	-	-	
139,208	13,467	235,149	34,821	19,203	11,835	
10,067,500	9,202,500	17,607,398	15,138,190	15,979,140	16,196,422	
(10,067,500)	(9,202,500)	(17,607,398)	(15,138,190)	(15,979,140)	(16,196,422)	
139,208	13,467	235,149	34,821	19,203	11,835	
693,750	2,462,905	6,873,556	5,102,696	3,720,211	4,638,622	
23,778,368	24,472,118	26,935,023	33,478,132	38,580,828	42,301,039	
\$ 24,472,118	\$ 26,935,023	\$ 33,808,579	\$ 38,580,828	\$ 42,301,039	\$ 46,939,661	
3.25%	3.74%	0.27%	0.27%	0.53%	0.00%	

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
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
2022	31,569,832	10,343,745	15,845	992,605	1,398,246	13,062,468	3,871,211	61,253,952

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
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
2022	10,898,626	35,998,364	2,110,788	3,864,456	3,627,478	-	127,453	56,627,165

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
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%
2022	168,774	-	18,367,295	22,042,510	83.33%

Source: Township annual financial statements

Charter Township of Waterford

Taxable Value by Property Type (1)

Real Property

Tax Year	Residential	Commercial	Industrial	Personal Property	Total Value
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
2022	2,078,115,080	386,879,620	32,939,890	104,711,210	2,602,645,800

(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
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%
10.2615	7,242,953,060	35.93%

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
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
2022	10.2615	-	2.7000	12.9615	4.8077	1.4891	3.1658	12.3523	30.3523	34.7764	52.7764

(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, 2022			Year Ended December 31, 2013		
		Percentage of		Rank	Percentage of		Rank
		Taxable Value	Total		Taxable Value	Total	
Detroit Edison	Utility	32,326,203	1.24%	1	26,044,410	1.37%	1
Consumers Energy	Utility	16,368,830	0.63%	2	6,380,680	0.33%	3
Cass Lake Shore Club	Apartment	13,654,260	0.52%	3	8,107,400	0.43%	2
Village Green	Apartment	7,764,770	0.30%	4	4,783,990	0.25%	8
Glengary Park Group	Apartments	6,965,530	0.27%	5	-	N/A	N/A
Meijer	Retail	6,836,640	0.26%	6	6,048,670	0.32%	4
Penn Automotive	Manufacturing	6,801,390	0.26%	7	-	N/A	N/A
Rite Aid	Retail	6,637,490	0.26%	8	5,931,960	0.31%	5
Occidental Development/Rivers Edge	Apartments	6,506,440	0.25%	9	5,727,110	0.30%	6
Lithia Real Estate/Suburban Ford	Dealership	5,991,470	0.23%	10	-	N/A	N/A
Total		\$ 109,853,023	4.22%		\$ 63,024,220	3.31%	
Total taxable value for each year		\$ 2,602,645,800			\$ 1,905,737,405		

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)		
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
2022	33,451,286	32,191,049	96.23%	1,170,493	33,361,543	99.73%	61,023

Source: Township Treasurer's Office records

Charter Township of Waterford

	As of December 31,			
	2013	2014	2015	2016
Governmental Activities:				
General obligation bonds	\$ 7,097,969	\$ 5,922,969	\$ 4,690,037	\$ 3,378,736
Installment purchase agreements	-	-	672,614	691,517
Notes payable	-	-	-	243,974
Total	7,097,969	5,922,969	5,362,651	4,314,227
Business-type Activities:				
General obligation bonds	22,968,930	32,500,078	36,033,495	34,868,462
Notes payable	-	-	-	61,337
Total	22,968,930	32,500,078	36,033,495	34,929,799
Total Debt of the Government	\$ 30,066,899	\$ 38,423,047	\$ 41,396,146	\$ 39,244,026
Total Taxable Value	\$ 1,905,737,405	\$ 1,904,049,799	\$ 1,943,694,296	\$ 1,981,453,406
Ratio of Total Debt to Taxable Value	1.58%	2.02%	2.13%	1.98%
Total Population	72,645	72,181	72,503	72,756
Total Debt per Capita	\$ 414	\$ 532	\$ 571	\$ 539
Per Capita Personal Income	\$ 26,423	\$ 26,151	\$ 28,717	\$ 28,268
Ratio of Debt to Personal Income	1.57%	2.04%	1.99%	1.91%

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

Ratios of Outstanding Debt

Last Ten Fiscal Years
(Unaudited)

As of December 31,						
2017	2018	2019	2020	2021	2022	
\$ 1,984,066	\$ 508,273	\$ 389,111	\$ 265,457	\$ -	\$ -	
523,509	352,294	177,812	-	-	-	
234,210	-	-	-	-	-	
2,741,785	860,567	566,923	265,457	-	-	
32,719,833	32,199,070	31,212,762	32,805,496	29,933,460	27,804,547	
58,883	-	-	-	-	-	
32,778,716	32,199,070	31,212,762	32,805,496	29,933,460	27,804,547	
\$ 35,520,501	\$ 33,059,637	\$ 31,779,685	\$ 33,070,953	\$ 29,933,460	\$ 27,804,547	
\$ 2,044,123,800	\$ 2,121,689,880	\$ 2,239,715,430	\$ 2,346,554,070	\$ 2,459,477,420	\$ 2,602,645,800	
1.74%	1.56%	1.42%	1.41%	1.22%	1.07%	
72,863	72,948	73,142	72,976	72,842	70,984	
\$ 487	\$ 453	\$ 434	\$ 453	\$ 411	\$ 392	
\$ 31,149	\$ 29,189	\$ 33,551	\$ 33,831	\$ 38,630	\$ 35,419	
1.57%	1.55%	1.30%	1.34%	1.06%	1.11%	

Charter Township of Waterford

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Obligation Bonds			Less Pledged Tax Supported Bonds			Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	General Bonded Debt Population	General Bonded Debt Per Capita
	Debt Service Funds	Net General Bonded Debt	Taxable Value	Population	Per Capita						
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	29,933,460	-	-	29,933,460	2,459,477,420	1.22%	72,842	411			
2022	27,804,547	-	-	27,804,547	2,602,645,800	1.07%	70,984	392			

Note: Special assessment bonds have been excluded.

Source: Township annual financial statements.

Charter Township of Waterford

Direct and Overlapping Debt

December 31, 2022
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percent Applicable to Waterford	Estimated Share of Overlapping Debt
Oakland County	\$ 211,999,041	3.73%	\$ 7,907,564
School Districts:			
Clarkston school district	151,332,724	2.06%	3,117,454
Pontiac school district	121,824,135	2.09%	2,314,659
Waterford school district	132,055,000	85.63%	112,854,203
Oakland Community College	-	N/A	-
Intermediate school district	<u>41,070,000</u>	3.74%	<u>1,536,018</u>
Total overlapping debt	658,280,900		127,729,898
Direct Township debt (not including debt related to business-type activities)	-	- %	-
Total direct and overlapping debt	<u>\$ 658,280,900</u>		<u>\$ 127,729,898</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

	As of December 31			
	2013	2014	2015	2016
Calculation of Debt Limit: (1)				
State equalized valuation	\$ 1,975,795,165	\$ 2,057,190,519	\$ 2,274,460,656	\$ 2,499,248,796
Debt limit (10% of SEV)	197,579,517	205,719,052	227,446,066	249,924,880
Calculation of Debt Subject to Limit:				
Total debt	30,066,899	38,423,047	41,396,146	39,244,026
Less debt not subject to limit:				
Installment purchase agreements	-	-	672,614	691,517
Notes payable	-	-	-	305,311
Enterprise fund bonds	22,968,930	32,500,078	36,033,495	34,868,462
Net Debt Subject to Limit	7,097,969	5,922,969	4,690,037	3,378,736
Legal Debt Margin	\$ 190,481,548	\$ 199,796,083	\$ 222,756,029	\$ 246,546,144

Net Debt Subject to Limit as Percentage of Debt

Limit	3.59%	2.88%	2.06%	1.35%
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(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					
2017	2018	2019	2020	2021	2022
\$ 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	\$ 3,621,476,530 362,147,653
35,520,501	33,059,637	31,779,685	33,070,953	29,933,460	27,804,547
523,509 293,098 32,719,833	352,294 - 32,199,070	177,812 - 31,212,762	- - 32,805,496	- - 29,933,460	- - 27,804,547
1,984,061	508,273	389,111	265,457	-	-
\$ 267,395,725	\$ 279,583,651	\$ 304,366,893	\$ 329,091,692	\$ 345,238,769	\$ 362,147,653
0.74%	0.18%	0.13%	0.08%	0.00%	0.00%

Charter Township of Waterford

Demographic and Economic Statistics

Last Ten Fiscal Years
(Unaudited)

Fiscal year	Population	Estimated					Unemployment Rate
		Personal Income (in thousands)	Number of Households	Per Capita Personal Income	Median Age		
2013	72,645	(1)	1,899,739	29,523	26,151	39.6	8.9%
2014	72,181	(2)	2,072,822	29,612	28,717	40.0	6.8%
2015	72,503	(3)	2,049,515	29,255	28,268	40.7	4.6%
2016	72,756	(4)	2,266,277	30,342	31,149	40.5	4.0%
2017	72,863	(5)	2,126,798	29,525	29,189	41.0	3.6%
2018	72,948	(6)	2,447,478	32,284	33,551	41.7	3.5%
2019	73,142	(7)	2,474,467	30,659	33,831	41.5	3.2%
2020	72,976	(8)	2,819,063	32,003	38,630	41.9	8.6%
2021	72,842	(9)	2,579,991	30,833	35,419	42.0	3.5%
2022	70,984	(10)	2,730,825	30,483	38,471	42.5	2.8%

(1) 2012 Census Department - American Community Survey Data Profile Review

(2) 2013 Census Department - American Community Survey Data Profile Review

(3) 2014 Census Department - American Community Survey Data Profile Review

(4) 2015 Census Department - American Community Survey Data Profile Review

(5) 2016 Census Department - American Community Survey Data Profile Review

(6) 2017 Census Department - American Community Survey Data Profile Review

(7) 2018 Census Department - American Community Survey Data Profile Review

(8) 2019 Census Department - American Community Survey Data Profile Review

(9) 2020 Census Department - American Community Survey Data Profile Review

(10) 2021 Census Department - American Community Survey Data Profile Review

Charter Township of Waterford

Principal Employers

December 31, 2022
(Unaudited)

Employer	Enterprise	2022		2013	Percentage of Total
		Employees (1)	Percentage of Total (2)		
1 Waterford School District	Education	1,335	3.4%	1,410	N/A
2 Oakland County	Government	1,111	2.8%	1,358	N/A
3 Oakland Intermediary Schools	Education	477	1.2%	257	N/A
4 Township Of Waterford (2)	Government	390	1.0%	334	N/A
5 Oakland Community College (3)	Education	371	0.9%	168	N/A
6 Penn Engineering	Manufacturing	291	0.7%	N/A	N/A
7 Meijer	Retail	260	0.7%	253	N/A
8 Pentastar Aviation, LLC	Air Transportation	220	0.6%	231	N/A
9 Road Commission Of Oakland Cty	Transportation	209	0.5%	423	N/A
10 Canterbury Healthcare, Inc.	Nursing Care	175	0.4%	227	N/A
Total		<u>4,839</u>			
Total Township Employment (1)		<u>39,257</u>			

(1) Data is from various sources including:

2021 American Community Survey
Employer provided Information

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

(3) Direct hire and estimated Adjunct

Charter Township of Waterford

Full-time Equivalent Government Employees

Last Ten Fiscal Years
(Unaudited)

Department	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Supervisor/Assessing	6	6	6	7	7	8	8	8	8	8
Clerk's Office	6	6	6	7	7	7	7	7	7	8
Treasurer's Office	6	6	6	6	6	6	6	7	8	8
Fiscal & Human Resources	2	2	2	2	2	2	2	2	2	2
51st District Court	23	23	22	19	20	20	20	19	20	20
Planning & Development	3	3	3	3	3	3	3	3	3	4
Information Systems	3	3	3	4	4	4	4	4	4	6
Facilities & Operations	10	10	10	8	8	8	8	7	7	7
Building & Engineering	7	7	8	8	8	8	9	9	9	9
Parks & Recreation	6	5	6	8	8	8	8	8	8	7
Police Department	64	63	66	67	72	69	76	76	76	66
Fire Department (1,2,3,4,5,6)	146	140	104	119	138	131	109	110	104	106
Library	12	13	13	13	14	14	13	13	13	12
Water & Sewer	40	41	40	41	39	39	37	39	39	43
Cable	-	-	-	1	1	1	1	1	1	1
Total	<u>334</u>	<u>328</u>	<u>295</u>	<u>313</u>	<u>337</u>	<u>328</u>	<u>311</u>	<u>313</u>	<u>309</u>	<u>307</u>

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

(1) In 2013 Waterford Twp was awarded a Federal Safer Grant which increased the Fire Dep't staffing by 39 positions.

(2) In 2015 Waterford Twp Federal Safer Grant was not renewed resulting in the lay off of the 39 grant positions.

(3) In 2016 Waterford Twp was awarded a Federal Safer Grant which increased the Fire Dep't staffing by 15 positions at year end.

(4) 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.

(5) In 2018 Waterford Twp Fire Dep't had 35 of 39 positions related to the Federal Safer Grant.

(6) 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

Function/Program	2013	2014	2015	2016
Police:				
Physical Arrests	1,626	1,062	915	1,019
Traffic violations	5,698	3,391	4,286	4,179
Non traffic misdemeanors	497	310	284	724
Non traffic civil infractions	256	315	420	711
Fire:				
Emergency responses	10,502	11,276	11,398	12,104
Fires extinguished	545	542	487	519
Inspections	1,038	750	1,033	1,045
Parks and recreation:				
Recreation programs (estimated)	814	810	817	612
Library:				
Circulation (books borrowed)	316,764	317,510	291,656	279,587
Collection volume	181,265	188,328	195,377	638,798
Visits: Walk-ins	233,477	198,183	183,775	175,120
Visits: Website	148,346	185,378	372,372	194,511
Water:				
New connections	67	74	86	91
Water main breaks	24	45	16	14
Total consumption (billed - cubic feet)	275,327,916	258,557,800	267,587,530	288,257,794
Average annual consumption per customer (gallons)	53,714	50,601	50,990	50,212

Source: Township Departmental correspondence

Operating Indicators

Last Ten Fiscal Years
(Unaudited)

2017	2018	2019	2020	2021	2022
1,161	1,183	1,277	998	708	1,131
3,815	4,170	3,007	1,952	2,895	3,517
883	868	908	565	662	659
875	1,095	626	421	543	534
13,095	13,587	13,813	12,937	14,244	14,416
519	400	337	369	350	343
709	692	770	670	676	430
615	614	614	144	144	225
271,667	260,813	251,405	170,699	251,405	287,463
602,814	130,371	120,148	120,487	112,166	112,207
170,981	165,883	165,387	31,862	53,319	77,231
445,200	561,083	269,262	478,997	496,905	661,821
133	108	130	98	95	83
15	27	18	15	14	22
273,197,387	276,935,659	245,690,487	262,616,594	244,003,142	259,556,843
48,447	48,327	47,070	49,016	46,263	46,292

Charter Township of Waterford

Capital Asset Statistics

Last Ten Fiscal Years
(Unaudited)

Function/ program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	46	44	44	28	26	28	27	27	28	23
Fire:										
Stations	10	9	9	9	9	9	9	9	9	9
Emergency Response Vehicles	27	27	27	27	27	27	26	27	28	39
Parks and recreation:										
Acreage	854	854	854	854	854	854	854	854	854	854
Playgrounds	8	6	3	3	3	3	3	1	1	2
Soccer fields	7	8	8	8	8	8	8	8	8	8
Baseball/ softball diamonds	13	13	13	13	13	13	13	13	13	13
Libraries:										
Branches	1	1	1	1	1	1	1	1	1	1
Water:										
mains (miles)	350	350	350	350	350	350	350	350	350	350
Fire hydrants	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Storage capacity (millions of gallons)	9	9	9	9	9	9	9	9	9	9
Sewer:										
Miles of sanitary sewers	350	350	350	350	350	350	350	350	350	350

Source: Departmental correspondence