

# **Charter Township of Waterford, Michigan**

## **Annual Comprehensive Financial Report**



**For the Fiscal Year Ended  
December 31, 2023**

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

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**Annual Comprehensive Financial Report  
with Supplementary Information  
For the Fiscal Year Ended  
December 31, 2023**

**Prepared by the Accounting Department**

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5200 Civic Center Drive  
Waterford, Michigan 48329-3773  
[www.waterfordmi.gov](http://www.waterfordmi.gov)

June 24, 2024

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, 2023. This report has been prepared in conformance with the principles and standards for financial reporting as set forth by the Governmental Accounting Standards Board (GASB) and complies with the requirements of GASB Statement Number 34. It discusses the financial results for the year, provides information on budgetary performance, and includes information on the financial condition of Waterford Township. This report was prepared by and is the responsibility of the Township's management.

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

## **GOVERNMENT PROFILE**

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

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

## **ECONOMIC CONDITION AND OUTLOOK**

The Charter Township of Waterford was established as a Charter Township in 1961 by a vote of the electorate. The Township is located in Oakland County, immediately to the west of the City of Pontiac. The Township has an area of 35.3 square miles and is traversed from east to west by M-59 (Highland Road) and from Southeast to Northwest by US-24 (Dixie Highway).

The Township is the geographic center of Oakland County. It is the 5<sup>th</sup> most populated township in Michigan. A portion of the Oakland County Government campus is located in Waterford. The Oakland Intermediate School District is also headquartered in Waterford. Oakland County International Airport (OCIA) is located in the northwest portion of the Township. The airport is a designated general aviation reliever airport serving individuals, businesses and industries in Oakland County, the State of Michigan and the nation. OCIA is ranked as the nation's twelfth busiest general aviation airport with an average of approximately 142,000 takeoffs and landings annually. More than 150 corporations base aircraft at OCIA, many with several aircraft. Over 650 aircraft are based at the airport, and their value is in excess of \$500 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.

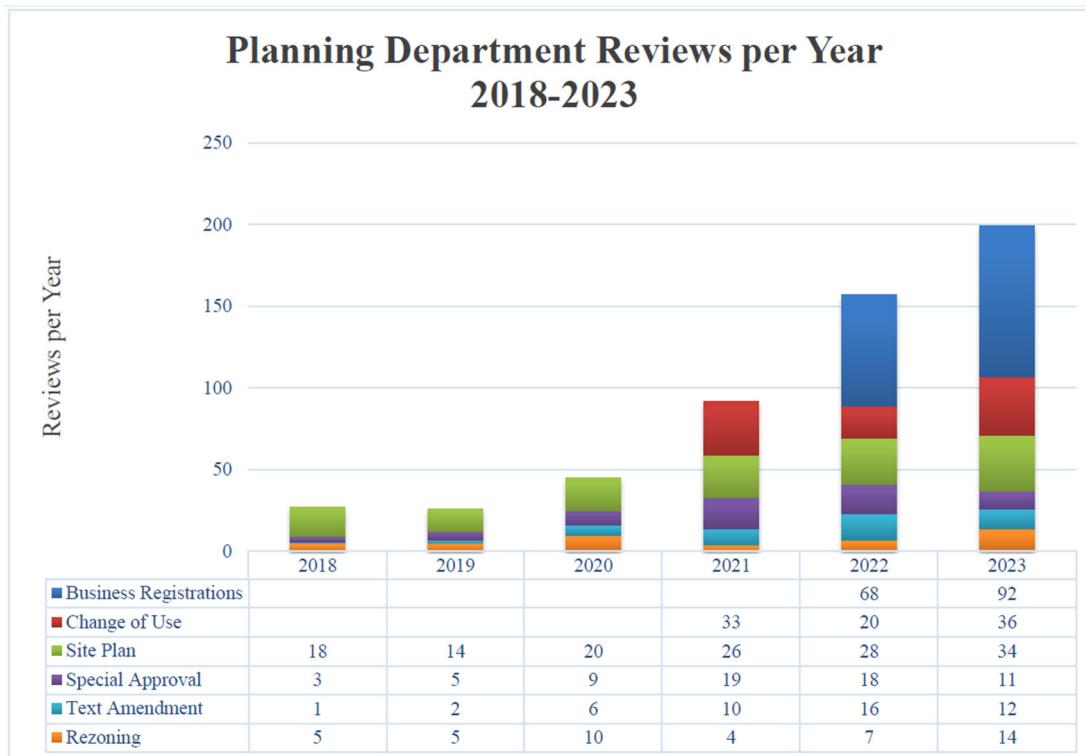
## **ECONOMIC CONDITION AND OUTLOOK (continued)**

In 2023 Dayton Freight Lines, Inc., a leading provider of regional less-than-truckload (LTL) transportation services, relocated their Detroit Service Center and doubled its size with a brand-new facility here in Waterford Township. This state-of-the-art building is conveniently located to service metro Detroit by using both the Telegraph Road and the Dixie Highway corridors. Built on 29-acres of formally toxic land, the new service center increased its capacity with 132 dock doors and an attached shop. Additional features include a snow scraper, secured parking, an irrigation system and enclosed fueling.

### **Commercial Development**

During 2023 year, the Development Services Department set an all time record in reviewing 92 business registrations in a single year. Of these 92 registrations, 70 were opened during the 2023 year and the remainder by early 2024. This is one new business per 1,000 residents within the Township. 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 six years:



## **Residential Development**

Since the start of 2023, residential development rates have rebounded from three years of record lows which is generally attributed to inflation and economic changes from the global COVID-19 pandemic. From 2020-2022 we found that less homes were being built but more building permits were being pulled for what could be considered "luxury" expansions to existing home such as pools, decks, and building additions. For these years it appears that residents were staying in their homes and focusing on renovations rather than constructing new houses. However, in 2023 we have found that others are looking to join in on the fun and take advantage of all that Waterford has to offer. In addition to more businesses being established within the Township in one single year, more homes have been built in 2023 than ever before. The most rational conclusion one can extrapolate from this data is that people simply want to be here in Waterford Township. In addition the Township has had more permits pulled in a single year than for the period 2017-2022 combined. The most common permits pulled are electrical permits, mechanical permits, and plumbing permits (1,257, 977, and 699 respectively). Additionally existing homes are selling quickly, and the price of available homes have been increasing. The recent COVID-19 pandemic 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 13 years:

### **Building Permits Issued**

Calendar Year	New Single Family Homes	New Condominium Units	New Commercial	Total Permits
2023	105	0	5	3728
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.

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 was slow and the recent COVID-19 pandemic took a toll on the local economy. With that being said, there are signs of sustainable employment in the local economy as the monthly unemployment rate for Oakland County improved from year to year with 2.7 per cent reported in April 2022, down to 1.7 per cent reported in April 2023.

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

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

is presented at a Board of Trustees meeting and is adopted in December each 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 2023, 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.

## **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 completing the process of executing its \$9.2 million allocation of Federal ARPA Act Funding with addressing staffing and deferred maintenance projects throughout the Township.

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. As of the writing of this document the Township is working with Oakland Community College to obtain a portion of the Highland Lakes Campus including several buildings to provide an updated and more adequate Community Center for the whole community to enjoy. This project will likely culminate in a Bond Proposal question put to the voters in November of 2024.

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. As of 12-31-2023 the trust has met the State's required minimum standard of being 40% funded but this will remain 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 13.25% in its funded position in 2023. The Townships 2023 year-end funded level was 46.01%. This was an extremely positive change and allowed the Township to exceed the State minimum funding guideline for the first time in its history. The plan design 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

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

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 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. In the coming years several major 'downstream' multi-million dollar projects from the Township's regional partners in sewer conveyance and treatment will put a strain on the Township's Enterprise (Water-Sewer) Fund. The fund is in strong shape, but the Board and the community will need to continue supporting deferred maintenance projects in a local and regional capacity.

## **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.

## **Major Initiatives (continued)**

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.

For 2023 the Township has surpassed the minimum for the Retiree Health Care Fund! At the end of 2023 Waterford was ahead of schedule on its corrective action plan for its retiree health care plan. The Township Board, employees, unions, and the community will need to continue working together to collectively resolve this financial challenge. In short, more work is needed but great strides have been made within the last several years in this area.

## **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 \$100,000 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, 2022. This was the nineteenth 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, 2022

*Christopher P. Monell*

Executive Director/CEO



Charter Township of Waterford  
Organizational Chart Updated  
11/2023

## Citizens of Waterford

Board of Trustees  
Gary Wall, Supervisor  
Kim Markee, Clerk  
Steve Thomas, Treasurer  
Anthony Bartolotta, Trustee  
Marie Hauswirth, Trustee  
Mark Monohon, Trustee  
Janet L. Matsura, Trustee

**(Legislative Branch)**

51st District Court  
**(Judicial Branch)**

Treasurer's Office

Supervisor's Office  
**(Executive Branch)**

Clerk's Office  
(Accounting and Elections)

Development Services

Public Works  
Water-Sewer – Branch  
Facilities & Operations – Branch

Library

Fiscal & Human  
Resources

Parks & Recreation

Police Department

Regional  
Fire Department  
(Waterford, Pontiac and  
Lake Angelus)

Assessing

Information Systems

**Charter Township of Waterford  
List of Principal Officials  
Year Ended December 31, 2023**

**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 Ann Brzezinski

**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  
Assistant Director Frank Fisher

**Library**

Director Joan Rogers

**Parks and Recreation**

Director Alison Swanson

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

**Charter Township of Waterford  
Labor Agreements  
Year Ended December 31, 2023**

<u>Bargaining Unit</u>	<u>Expiration Date</u>	<u>Number of Employees</u>
<b>Michigan Association of Police</b> - Represents police officers and crime scene investigators	12/31/2025	46
<b>Command Officers Association of Michigan</b> - Represents police sergeants and lieutenants	12/31/2025	13
<b>International Association of Firefighters</b> - Represents all firefighting personnel	12/31/2025	108
<b>Michigan Association of Police</b> - Represents dispatchers	12/31/2025	10
<b>Teamsters State, County, and Municipal Workers</b> - Represents clerical, public works employees, building inspectors, and ordinance officers	12/31/2025	104

**Charter Township of Waterford  
Fund Organization Chart**

Fund Name	Fund Number
<b>General Fund</b>	
General	101
Cemetery Care	209
Workers' Compensation	215
<b>Special Revenue Funds</b>	
Fire	206
Police	207
Police Restricted Use	208
Police and Fire Special Assessment	210
Cable Commission	250
Community Development Block Grant	260-263
Michigan Indigent Defense	267
Library	270
Library Donations	271
Parks & Recreation	280
Grant Fund	282
Opioid Settlement Fund	284
Nature Center	718
Weed Control and L.I.B.	844-851
<b>Capital Projects Funds</b>	
Improvement Revolving	246
Capital Projects	330
<b>Enterprise Funds</b>	
Water and Sewer	590
<b>Internal Service Funds</b>	
Motor Pool	360
<b>Trust and Agency Funds</b>	
Tax Collection	703
District Court - Activity Fund	710
Regular Employee Pension	731
Police and Fire Pension	732
Retiree Health Fund	733
Other Agency	701-751

## **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, 2023 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, 2023 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

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

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

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

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

To the Board of Trustees  
Charter Township of Waterford

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required 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.

#### ***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 and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the Board of Trustees  
Charter Township of Waterford

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

June 24, 2024

### ***Financial Highlights***

The following represent the most significant financial highlights for the year ended December 31, 2023:

- Total 2023 General Fund revenue was \$5,327,627 above 2022 revenue. The majority of the current year increase was attributable to the allocation by the township board of some of its ARPA (American Rescue Plan Act) revenue. While \$3,852,000 of these funds is reflected in the Charter Township of Waterford's (the "Township") General Fund, the board has given direction to use these resources on deferred maintenance and capital improvements in the months and years to come. The speed at which this can be accomplished is a function of the capacity of staff and availability of contractors and vendors to perform the given projects. The other part of the increase is attributable to an uptick in state-shared revenue and property taxes. Property taxes continued to be the largest source of revenue. Property taxes were 32.80 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 2023 fiscal year, state revenue sources decreased by \$242,216 compared to 2022. State revenue sharing was only \$485,898 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 2023 would be over \$5.5 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 \$75,138 in 2023 compared to 2022. This was \$387,222 lower than 2010 without adjusting for inflation.
- General Fund expenditures and operating transfers out for fiscal year 2023 were more than 2022, increasing by \$1,656,416. The General Fund's largest expenditures are transfers to public safety. In 2023, the General Fund transferred \$6,371,535 to public safety (police and fire).
- The unassigned General Fund fund balance at year end was \$17,139,912. During fiscal year 2023, the unassigned General Fund fund balance increased by \$4,486,186. It should be noted that \$3,852,000 of the increase was attributable to an American Rescue Plan Act allocation by the board. While these funds currently appear in the General Fund at year end, they have been allocated to deferred maintenance and capital projects. The December 31, 2023 unassigned fund balance for the General Fund was 77.8 percent of total 2023 General Fund expenses, including transfers. Again, keep in mind the ARPA allocation, which is a one-time federal grant, is skewing the impact on our metrics due to its size for this year. When adjusting out the ARPA allocation, the same percentage would be 53.30 percent. 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 \$399,664 in fiscal year 2023. It should be noted that the Police Fund now participates in the 330 Capital Project Allocation Fund and had a transfer to it of \$933,000 in 2023. This is a planning tool used for future capital project expenses. The Police Fund fund balance at December 31, 2023 is \$4,318,513 or 26.76 percent of annual expenses and transfers out.

# Charter Township of Waterford

## Management's Discussion and Analysis (Continued)

- The Fire Fund fund balance increased by \$375,484 in fiscal year 2023. 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 federal Staffing for Adequate Fire and Emergency Response Grant. 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, 2023 was \$5,080,666 or 22.43 percent of annual expenses and transfers out.

### ***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	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current and other assets	\$ 106,280,437	\$ 96,783,852	\$ 39,606,459	\$ 40,569,460	\$ 145,886,896	\$ 137,353,312
Capital assets	54,872,997	53,667,473	106,592,844	105,302,014	161,465,841	158,969,487
Total assets	161,153,434	150,451,325	146,199,303	145,871,474	307,352,737	296,322,799
<b>Deferred Outflows of Resources</b>	8,391,460	17,695,888	1,059,222	3,027,544	9,450,682	20,723,432
<b>Liabilities</b>						
Current liabilities	7,408,560	12,662,022	2,842,252	3,070,132	10,250,812	15,732,154
Noncurrent liabilities	69,635,070	93,785,889	33,660,940	40,127,359	103,296,010	133,913,248
Total liabilities	77,043,630	106,447,911	36,503,192	43,197,491	113,546,822	149,645,402
<b>Deferred Inflows of Resources</b>	47,834,773	42,617,929	3,623,144	3,335,765	51,457,917	45,953,694
<b>Net Position</b>						
Net investment in capital assets	54,872,997	53,667,473	81,093,262	80,075,882	135,966,259	133,743,355
Restricted	6,810,763	5,202,192	2,324,205	312,153	9,134,968	5,514,345
Unrestricted	(17,017,269)	(39,788,292)	23,714,722	21,977,727	6,697,453	(17,810,565)
Total net position	<b>\$ 44,666,491</b>	<b>\$ 19,081,373</b>	<b>\$ 107,132,189</b>	<b>\$ 102,365,762</b>	<b>\$ 151,798,680</b>	<b>\$ 121,447,135</b>

## Charter Township of Waterford

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

There was a significant 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 2023. The governmental activities net position increased by \$25,585,118 from the prior year. This positive change was largely driven by changes made in the Township's retiree health care plans, unspent ARPA funds that have been allocated to capital projects, and a modest increase in fund balance position.

In 2018, the Township paid off the 20-year bond for the 1998-1999 construction of the police and fire buildings. 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 2023. This underscores the low level of construction debt utilized by the Township within the governmental funds category.

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

Total revenue for governmental activities for 2023 increased by \$8,181,593 from the 2022 fiscal year. The primary reasons for this change was the charge for services category, along with a modest increase in property taxes, operating grants and an uptick in investment earnings.

Governmental expenses increased by \$27,033,627 when comparing 2022 to 2023. This was primarily due to how the Township's pension and other postemployment liabilities changed from year to year. These unfunded liabilities come from the two pension systems and from the retiree health care system. In 2022 and 2023, the OPEB liability decreased significantly while the assets increased for that trust fund. In 2022, there was 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 \$781,673 in 2023. This was due to an allocation by the township board to the Water and Sewer Fund from its ARPA federal grant. The change can be seen in the Capital Grant category. The Water and Sewer Fund also paid \$9,574,076 in 2023 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 related upcoming debt. This would help ratepayers save on long-term interest charges. In some cases, the debt requests from the third-party service providers is too large, and the repayment would fall upon the Township's sewer customers.

# Charter Township of Waterford

## Management's Discussion and Analysis (Continued)

### The Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 16,279,205	\$ 15,015,425	\$ 26,268,787	\$ 27,294,851	\$ 42,547,992	\$ 42,310,276
Operating grants	6,908,054	2,596,509	-	-	6,908,054	2,596,509
Capital grants	-	3,604	1,959,935	744,296	1,959,935	747,900
General revenue:						
Property taxes	33,489,976	31,598,326	-	-	33,489,976	31,598,326
Intergovernmental	8,184,277	8,325,179	-	-	8,184,277	8,325,179
Investment earnings	1,249,495	395,000	739,880	172,776	1,989,375	567,776
Other revenue	1,836,198	1,831,569	24,994	-	1,861,192	1,831,569
Total revenue	67,947,205	59,765,612	28,993,596	28,211,923	96,940,801	87,977,535
<b>Expenses</b>						
General government	690,844	(6,821,859)	-	-	690,844	(6,821,859)
District court	2,450,951	626,694	-	-	2,450,951	626,694
Public safety:						
Police	11,498,526	1,316,351	-	-	11,498,526	1,316,351
Fire	19,033,579	12,825,847	-	-	19,033,579	12,825,847
Building inspection	1,538,685	1,550,658	-	-	1,538,685	1,550,658
Public works	1,013,886	815,804	-	-	1,013,886	815,804
Community and economic development	1,851,045	1,791,348	-	-	1,851,045	1,791,348
Recreation and culture	4,284,571	3,223,617	-	-	4,284,571	3,223,617
Water and sewer	-	-	24,227,169	19,136,303	24,227,169	19,136,303
Total expenses	42,362,087	15,328,460	24,227,169	19,136,303	66,589,256	34,464,763
<b>Change in Net Position</b>	25,585,118	44,437,152	4,766,427	9,075,620	30,351,545	53,512,772
<b>Net Position (Deficit) - Beginning of year</b>	19,081,373	(25,355,779)	102,365,762	93,290,142	121,447,135	67,934,363
<b>Net Position - End of year</b>	<b>\$ 44,666,491</b>	<b>\$ 19,081,373</b>	<b>\$ 107,132,189</b>	<b>\$ 102,365,762</b>	<b>\$ 151,798,680</b>	<b>\$ 121,447,135</b>

### Financial Analysis of Individual Funds

An analysis of the Township's major funds begins with the balance sheet presentation following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The township board created funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The Township's major governmental funds for 2023 include the General Fund, the Police Fund, the Fire Fund, and the Police and the Fire Special Assessment District 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 \$5,735,680 to the Police Fund and \$635,855 to the Fire Fund in 2023.

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 \$23,147,907, of which \$17,139,912 is unassigned. The total of \$23,147,907 represents 97.76 percent of 2023'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, the Workers' Compensation Fund amount of \$1,068,904, the Cemetery Care Fund amount of \$1,027,515, and the one-time ARPA federal grant allocation (recorded in unassigned) of \$3,852,000, the unassigned General Fund fund balance at year end represented 56.12 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 Township's police department. Major revenue includes \$5,735,680 from the Township's General Fund and an additional \$7,223,315 in dedicated millage revenue for 2023, a modest overall increase from 2022. Most recently, the police department received \$2,657,563 from the Police and Fire Special Assessment District in 2023. The department receives a small amount of revenue from fees, grants, and interest on investments. Overall, for fiscal year 2023, the Police Fund fund balance increased by \$399,664. It should be noted that, in 2023, the township board authorized a \$933,000 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 2023, the department received \$635,855 from the General Fund and approximately \$6.5 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, for 2 years in 2022, and for 2 years in 2023. Discussions with the City regarding future arrangements are ongoing. Most recently, the fire department received \$4,051,663 from the Police and Fire Special Assessment District in 2023. The Fire Fund fund balance increased by \$375,484 in 2023. It should be noted that, in 2023, the township board authorized a \$1,751,000 allocation to the fire department's Capital Project Fund. The Fire Fund fund balance is at 22.43 percent of annual expenditures plus transfers out.

#### **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 issuance, which saved ratepayers an estimated \$30,750 in interest. In 2023, the Water and Sewer Fund prepaid \$1.1 million of OMI debt and saved ratepayers an estimated \$561,764 in interest charges over the life of the loan. 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 2023, 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, which was more good news for Waterford sewer customers. A similar move was conducted in 2017 when \$1.5 million was partially prepaid on an Oakland County Water Resources Commissioner (WRC) debt. This was estimated to save \$378,000 in interest over the life of the loan. When possible, township planners make efforts to avoid 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 project is now complete, and the report will be used as a guide to allocate resources for future capital improvements. Sewer rates were recently adjusted in the third quarter of 2023, which will help aid in addressing deferred maintenance related to the Township's sewer assets. Water rates were adjusted in 2023 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 2024 and 2025. 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 2023, 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 2023. 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 \$6,745,490 for 2023. This initiative helped add and maintain services and staff for 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 \$1,205,524 net of depreciation. Disposal of assets, disposal of excess equipment, and capital asset acquisition occurred throughout 2023 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 increase of \$1,290,830 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 2023. 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 2023, there was a decrease of \$2,255,879 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 will 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 \$2,843,551 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 a 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 affected 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, 2022, and 2023, 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 saw 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 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 modest 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, and, for 2023, the closed retiree health trust was above the state minimum level of 40 percent designated by Public Act 202 of 2017 for the first time ever. The Retiree Health Care Trust finished 2023 at a 46 percent funded level. 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. The year 2023 saw an additional \$6,762,443 in reduced liabilities in this category as well. 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 and 2023 saw very strong steps forward in this area.

The Township received \$9.3 million in American Rescue Plan Act funding due to measures taken by the United States federal government to offset the effects of the pandemic. The Township allocated these one-time funds to deferred maintenance and capital projects and is working with its engineers, planners, and financial staff to complete these capital projects.

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 \$485,898 more from the State of Michigan in revenue sharing in 2023 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 has met that standard for the first time in 2023 at a 46 percent year-end mark. Initially, the Township was required to submit a corrective action plan for its retiree health care trust and has been diligently working in this area with the goal of improving its position. The Township was notified in May 2019 that its CAP was approved. While this was good news and reflects a lot of hard work from staff, board members, and consultants, the CAP shows that the Township will have to continue addressing this large issue. Many changes have already been implemented: closing pension systems and replacing them with 401(k) 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 in the past. Much has been done, but more is 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. In 2023, another \$6.7 million in liabilities was removed from the books. 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 onetime 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(a) 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. Subsequent to 2014, the Township has made great strides in its funded level for the retiree health care fund. In 2014, the fund was 9.62 percent funded; at the end of 2023, the same funded position was 46.06 percent. 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](http://www.waterfordmi.gov) under the fiscal and human resources department. The Township posts its budgets, financial statements, citizen dashboard, and pension actuarial studies on its website for viewing by all interested parties.

# Charter Township of Waterford

## Statement of Net Position

December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 84,792,556	\$ 25,029,056	\$ 109,821,612	\$ 346,362
Receivables:				
Property taxes receivable	15,190,622	-	15,190,622	7,341
Special assessments receivable	184,713	115,459	300,172	-
Customer receivables	-	9,615,631	9,615,631	-
Accrued interest receivable	12,500	156,548	169,048	-
Leases receivable	1,522,768	2,365,560	3,888,328	-
Due from other governments	1,531,508	-	1,531,508	-
Rehabilitation loan receivable	1,090,817	-	1,090,817	-
Other receivables	301,071	-	301,071	-
Inventory	92,168	-	92,168	-
Prepaid items	673,006	-	673,006	-
Restricted assets	-	1,927,586	1,927,586	-
Net pension asset (Note 7)	888,708	396,619	1,285,327	-
Capital assets: (Note 4)				
Assets not subject to depreciation	26,808,222	14,113,160	40,921,382	-
Assets subject to depreciation - Net	28,064,775	92,479,684	120,544,459	-
Total assets	161,153,434	146,199,303	307,352,737	353,703
<b>Deferred Outflows of Resources</b>				
Deferred pension costs (Note 7)	4,548,796	509,042	5,057,838	-
Deferred OPEB costs (Note 8)	3,842,664	550,180	4,392,844	-
Total deferred outflows of resources	8,391,460	1,059,222	9,450,682	-
<b>Liabilities</b>				
Accounts payable	871,042	2,064,827	2,935,869	62
Refundable deposits, bonds, etc.	1,581,894	-	1,581,894	-
Accrued liabilities and other	1,313,664	335,170	1,648,834	-
Unearned revenue	3,641,960	442,255	4,084,215	-
Noncurrent liabilities:				
Due within one year: (Note 6)				
Compensated absences	3,211,528	444,500	3,656,028	-
Provision for claims	456,815	43,903	500,718	-
Current portion of long-term debt	-	2,355,148	2,355,148	-
Due in more than one year: (Note 6)				
Provision for claims	364,208	-	364,208	-
Long-term debt	-	23,144,434	23,144,434	-
Net pension liability (Note 7)	12,011,768	-	12,011,768	-
Net OPEB liability (Note 8)	53,590,751	7,672,955	61,263,706	-
Total liabilities	77,043,630	36,503,192	113,546,822	62
<b>Deferred Inflows of Resources</b>				
Property taxes levied for the following year	36,795,031	-	36,795,031	27,453
Deferred OPEB cost reductions (Note 8)	9,604,490	1,375,140	10,979,630	-
Deferred inflows from leases	1,435,252	2,248,004	3,683,256	-
Total deferred inflows of resources	47,834,773	3,623,144	51,457,917	27,453

## Charter Township of Waterford

### Statement of Net Position (Continued)

December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Net Position</b>				
Net investment in capital assets	\$ 54,872,997	\$ 81,093,262	\$ 135,966,259	\$ -
Restricted:				
Police	1,361,611	-	1,361,611	-
Police and fire	136,101	-	136,101	-
Community development	1,543,532	-	1,543,532	-
Library	2,032,978	-	2,032,978	-
Nature center	585,679	-	585,679	-
Capital projects	-	1,927,586	1,927,586	-
Indigent defense	167,791	-	167,791	-
Opioid settlement	94,363	-	94,363	-
Pension asset	888,708	396,619	1,285,327	-
Unrestricted	(17,017,269)	23,714,722	6,697,453	326,188
Total net position	<b>\$ 44,666,491</b>	<b>\$ 107,132,189</b>	<b>\$ 151,798,680</b>	<b>\$ 326,188</b>

## Charter Township of Waterford

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	Expenses	Program Revenue			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Functions/Programs</b>					
Primary government:					
Governmental activities:					
General government	\$ 690,844	\$ 920,117	\$ 3,888,809	\$ -	
District court	2,450,951	1,000,594	409,007	-	
Public safety:					
Police	11,498,526	147,773	1,182,220	-	
Fire	19,033,579	11,580,306	4,390	-	
Building inspection	1,538,685	1,400,857	-	-	
Public works	1,013,886	144,209	24,401	-	
Community and economic development	1,851,045	484,012	1,050,431	-	
Recreation and culture	4,284,571	601,337	348,796	-	
Total governmental activities	42,362,087	16,279,205	6,908,054	-	
Business-type activities - Enterprise fund -					
Water and Sewer Fund	24,227,169	26,268,787	-	1,959,935	
Total primary government	<b>\$ 66,589,256</b>	<b>\$ 42,547,992</b>	<b>\$ 6,908,054</b>	<b>\$ 1,959,935</b>	
Component units:					
Waterford Youth Assistance Corporation	\$ 28,204	\$ 3,136	\$ 41,721	\$ -	
Brownfield Redevelopment Authority	4,969	-	-	-	
Total component units	<b>\$ 33,173</b>	<b>\$ 3,136</b>	<b>\$ 41,721</b>	<b>\$ -</b>	
General revenue:					
Property taxes					
Unrestricted state-shared revenue					
Unrestricted investment income					
Unrestricted cable franchise fees					
Gain on sale of capital assets					
Other miscellaneous income					
Total general revenue					

### Change in Net Position

**Net Position** - Beginning of year

**Net Position** - End of year

## Statement of Activities

**Year Ended December 31, 2023**

<u>Primary Government</u>			
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
\$ 4,118,082	-	\$ 4,118,082	\$ -
(1,041,350)	-	(1,041,350)	-
(10,168,533)	-	(10,168,533)	-
(7,448,883)	-	(7,448,883)	-
(137,828)	-	(137,828)	-
(845,276)	-	(845,276)	-
(316,602)	-	(316,602)	-
<u>(3,334,438)</u>	<u>-</u>	<u>(3,334,438)</u>	<u>-</u>
(19,174,828)	-	(19,174,828)	-
<u>-</u>	<u>4,001,553</u>	<u>4,001,553</u>	<u>-</u>
(19,174,828)	4,001,553	(15,173,275)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>16,653</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,969)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>11,684</u>
33,489,976	-	33,489,976	27,268
8,184,277	-	8,184,277	-
1,249,495	739,880	1,989,375	4,895
1,015,197	-	1,015,197	-
7,075	24,994	32,069	-
<u>813,926</u>	<u>-</u>	<u>813,926</u>	<u>-</u>
<u>44,759,946</u>	<u>764,874</u>	<u>45,524,820</u>	<u>32,163</u>
25,585,118	4,766,427	30,351,545	43,847
<u>19,081,373</u>	<u>102,365,762</u>	<u>121,447,135</u>	<u>282,341</u>
<b>\$ 44,666,491</b>	<b>\$ 107,132,189</b>	<b>\$ 151,798,680</b>	<b>\$ 326,188</b>

# Charter Township of Waterford

## Governmental Funds Balance Sheet

December 31, 2023

	General Fund	Police Fund	Fire Fund	Police and Fire Special Assessment District Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 29,690,395	\$ 9,259,220	\$ 9,689,895	\$ 4,587,821	\$ 31,349,525	\$ 84,576,856
Receivables:						
Property taxes receivable	4,255,511	3,277,895	2,928,944	3,003,829	1,724,443	15,190,622
Special assessments receivable	180,273	-	-	-	4,440	184,713
Accrued interest receivable	12,500	-	-	-	-	12,500
Leases receivable	1,522,768	-	-	-	-	1,522,768
Due from other governments	1,371,580	28,225	25,220	-	106,483	1,531,508
Rehabilitation loan receivable	-	-	-	-	1,090,817	1,090,817
Other receivables	301,071	-	-	-	-	301,071
Prepaid items	135,765	-	-	-	537,241	673,006
Total assets	<b>\$ 37,469,863</b>	<b>\$ 12,565,340</b>	<b>\$ 12,644,059</b>	<b>\$ 7,591,650</b>	<b>\$ 34,812,949</b>	<b>\$ 105,083,861</b>
<b>Liabilities</b>						
Accounts payable	\$ 329,126	\$ 120,593	\$ 174,192	\$ -	\$ 233,568	\$ 857,479
Refundable deposits, bonds, etc.	1,473,573	1,960	-	-	106,361	1,581,894
Accrued liabilities and other	338,821	333,276	427,600	2,652	211,315	1,313,664
Unearned revenue	-	-	-	-	3,641,960	3,641,960
Total liabilities	2,141,520	455,829	601,792	2,652	4,193,204	7,394,997
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	254,358	-	-	-	1,098,958	1,353,316
Property taxes levied for the following year	10,490,826	7,790,998	6,961,601	7,452,897	4,098,709	36,795,031
Deferred inflows from leases	1,435,252	-	-	-	-	1,435,252
Total deferred inflows of resources	<b>12,180,436</b>	<b>7,790,998</b>	<b>6,961,601</b>	<b>7,452,897</b>	<b>5,197,667</b>	<b>39,583,599</b>
Total liabilities and deferred inflows of resources	14,321,956	8,246,827	7,563,393	7,455,549	9,390,871	46,978,596
<b>Fund Balances</b>						
Nonspendable - Prepads	135,765	-	-	-	537,241	673,006
Restricted:						
Police	-	-	-	-	1,361,611	1,361,611
Police and fire	-	-	-	136,101	-	136,101
Community development	-	-	-	-	452,715	452,715
Library	-	-	-	-	2,032,978	2,032,978
Nature center	-	-	-	-	585,679	585,679
Opioid settlement	-	-	-	-	94,363	94,363
Michigan indigent defense	-	-	-	-	167,791	167,791
Committed:						
Cemetery care	1,027,515	-	-	-	-	1,027,515
Workers' compensation	1,068,904	-	-	-	-	1,068,904
Budget stabilization	3,775,811	-	-	-	-	3,775,811
Capital projects - Police	-	-	-	-	3,021,127	3,021,127
Capital projects - General	-	-	-	-	3,460,836	3,460,836
Capital projects - Fire	-	-	-	-	4,505,450	4,505,450
Capital projects - Parks and recreation	-	-	-	-	350,185	350,185
Assigned:						
Fiscal recovery	-	-	-	-	173,645	173,645
Cable-related projects	-	-	-	-	824,837	824,837
Police	-	4,318,513	-	-	-	4,318,513
Fire	-	-	5,080,666	-	-	5,080,666
Community development	-	-	-	-	200,000	200,000
Capital projects - Improvement revolving fund	-	-	-	-	5,568,812	5,568,812
Parks and recreation	-	-	-	-	2,084,808	2,084,808
Unassigned	17,139,912	-	-	-	-	17,139,912
Total fund balances	<b>23,147,907</b>	<b>4,318,513</b>	<b>5,080,666</b>	<b>136,101</b>	<b>25,422,078</b>	<b>58,105,265</b>
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 37,469,863</b>	<b>\$ 12,565,340</b>	<b>\$ 12,644,059</b>	<b>\$ 7,591,650</b>	<b>\$ 34,812,949</b>	<b>\$ 105,083,861</b>

## Charter Township of Waterford

### Governmental Funds

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

December 31, 2023

Fund Balances Reported in Governmental Funds	\$ 58,105,265
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	54,623,956
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	1,353,316
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	(3,211,528)
Pension benefits and related deferrals	(6,574,264)
Retiree health care benefits and related deferrals	(59,352,577)
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	(821,023)
Internal service funds are included as part of governmental activities	543,346
<b>Net Position of Governmental Activities</b>	<b>\$ 44,666,491</b>

# Charter Township of Waterford

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

Year Ended December 31, 2023

	General Fund	Police Fund	Fire Fund	Police and Fire Special Assessment District Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>						
Property taxes	\$ 9,277,436	\$ 7,223,315	\$ 6,454,195	\$ 6,745,490	\$ 3,800,968	\$ 33,501,404
Special assessments	-	-	-	-	7,864	7,864
Intergovernmental:						
Federal grants	3,883,775	161,497	4,390	-	2,175,851	6,225,513
State sources	8,359,734	29,157	26,053	-	302,786	8,717,730
Charges for services	1,416,694	60,011	11,547,952	-	711,433	13,736,090
Fines and forfeitures	1,342,390	87,762	-	-	112,653	1,542,805
Licenses and permits	1,447,298	42,381	-	-	48,921	1,538,600
Investment income	947,303	146,335	167,848	18,614	470,357	1,750,457
Other revenue:						
Local contributions	-	-	-	-	36,113	36,113
Other miscellaneous income	115,559	385,586	101,210	-	206,321	808,676
Cable franchise fees	903,525	-	-	-	111,672	1,015,197
Refunds and reimbursements	593,399	-	32,354	-	-	625,753
Total revenue	28,287,113	8,136,044	18,334,002	6,764,104	7,984,939	69,506,202
<b>Expenditures</b>						
Current services:						
General government	7,034,097	-	-	-	515,842	7,549,939
District court	2,977,080	-	-	-	-	2,977,080
Public safety:						
Police	44,196	14,744,285	-	-	97,215	14,885,696
Fire	-	-	20,363,043	-	-	20,363,043
Building inspection	1,430,945	-	-	-	-	1,430,945
Public works	-	-	-	-	240,994	240,994
Community and economic development	1,615,318	-	-	-	497,101	2,112,419
Recreation and culture	-	-	-	-	4,336,833	4,336,833
Capital outlay	405,286	460,940	533,493	-	3,057,683	4,457,402
Total expenditures	13,506,922	15,205,225	20,896,536	-	8,745,668	58,354,351
<b>Excess of Revenue Over (Under) Expenditures</b>	14,780,191	(7,069,181)	(2,562,534)	6,764,104	(760,729)	11,151,851
<b>Other Financing Sources (Uses)</b>						
Transfers in (Note 5)	-	8,393,243	4,687,518	-	6,504,469	19,585,230
Transfers out (Note 5)	(10,172,004)	(933,000)	(1,751,000)	(6,709,226)	(20,000)	(19,585,230)
Sale of capital assets	3,651	8,602	1,500	-	-	13,753
Total other financing (uses) sources	(10,168,353)	7,468,845	2,938,018	(6,709,226)	6,484,469	13,753
<b>Net Change in Fund Balances</b>	4,611,838	399,664	375,484	54,878	5,723,740	11,165,604
<b>Fund Balances - Beginning of year</b>	18,536,069	3,918,849	4,705,182	81,223	19,698,338	46,939,661
<b>Fund Balances - End of year</b>	<b>\$ 23,147,907</b>	<b>\$ 4,318,513</b>	<b>\$ 5,080,666</b>	<b>\$ 136,101</b>	<b>\$ 25,422,078</b>	<b>\$ 58,105,265</b>

## Charter Township of Waterford

### Governmental Funds

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

Year Ended December 31, 2023

Net Change in Fund Balances Reported in Governmental Funds	\$ 11,165,604
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	4,089,168
Depreciation expense	(2,789,045)
Net book value of assets disposed of	(51,029)
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	(115,952)
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	13,385,967
Changes to claims and similar costs that do not use current financial resources are not reported in the governmental funds	(89,516)
Internal service funds are included as part of governmental activities	<u>(10,079)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 25,585,118</u></b>

# Charter Township of Waterford

## Proprietary Funds Statement of Net Position

December 31, 2023

	Enterprise Fund	Water and Sewer Fund	Governmental Activities Internal Service Fund - Motor Pool Fund
<b>Assets</b>			
Current assets:			
Cash and investments (Note 3)	\$ 25,029,056	\$ 215,700	
Receivables:			
Special assessments receivable - Due within one year	115,459		-
Customer receivables	9,615,631		-
Accrued interest receivable	156,548		-
Leases receivable	72,762		-
Inventory	-		92,168
Total current assets	34,989,456		307,868
Noncurrent assets:			
Restricted assets	1,927,586		-
Net pension asset	396,619		-
Leases receivable	2,292,798		-
Capital assets: (Note 4)			
Assets not subject to depreciation	14,113,160		-
Assets subject to depreciation - Net	92,479,684		249,041
Total noncurrent assets	111,209,847		249,041
Total assets	146,199,303		556,909
<b>Deferred Outflows of Resources</b>			
Deferred pension costs (Note 7)	509,042		-
Deferred OPEB costs (Note 8)	550,180		-
Total deferred outflows of resources	1,059,222		-
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	2,064,827		13,563
Accrued liabilities and other	335,170		-
Unearned revenue	442,255		-
Compensated absences	444,500		-
Provision for claims	43,903		-
Current portion of long-term debt (Note 6)	2,355,148		-
Total current liabilities	5,685,803		13,563
Noncurrent liabilities:			
Net OPEB liability (Note 8)	7,672,955		-
Long-term debt (Note 6)	23,144,434		-
Total noncurrent liabilities	30,817,389		-
Total liabilities	36,503,192		13,563
<b>Deferred Inflows of Resources</b>			
Deferred OPEB cost reductions (Note 8)	1,375,140		-
Deferred inflows from leases	2,248,004		-
Total deferred inflows of resources	3,623,144		-

## Charter Township of Waterford

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

December 31, 2023

	Enterprise Fund	Governmental Activities
	Water and Sewer Fund	Internal Service Fund - Motor Pool Fund
<b>Net Position</b>		
Net investment in capital assets	\$ 81,093,262	\$ 249,041
Restricted:		
Capital projects	1,927,586	-
Pension	396,619	-
Unrestricted	23,714,722	294,305
<b>Total net position</b>	<b>\$ 107,132,189</b>	<b>\$ 543,346</b>

## Charter Township of Waterford

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

Year Ended December 31, 2023

	Enterprise Fund	Governmental Activities
	Water and Sewer Fund	Internal Service Fund - Motor Pool Fund
<b>Operating Revenue</b>		
Sale of water	\$ 7,354,164	\$ -
Sewage disposal charges	18,498,493	-
Other sales to customers	79,464	-
Charges for services	336,666	-
	<hr/>	<hr/>
Total operating revenue	26,268,787	-
<b>Operating Expenses</b>		
Cost of water	2,355,836	-
Cost of sewage treatment	10,078,102	-
Other operating and maintenance costs	2,052,228	-
Billing and administrative costs	3,109,725	-
Depreciation	6,019,092	6,011
	<hr/>	<hr/>
Total operating expenses	23,614,983	6,011
<b>Operating Income (Loss)</b>	2,653,804	(6,011)
<b>Nonoperating Revenue (Expense)</b>		
Investment income	739,880	2,610
Interest expense	(612,186)	-
Gain (loss) on sale of assets	24,994	(6,678)
	<hr/>	<hr/>
Total nonoperating revenue (expense)	152,688	(4,068)
<b>Income (Loss) - Before capital contributions</b>	2,806,492	(10,079)
<b>Capital Contributions</b>		
Capital grants	760,084	-
Benefit fees	444,346	-
Lines donated by developers	755,505	-
	<hr/>	<hr/>
Total capital contributions	1,959,935	-
<b>Change in Net Position</b>	4,766,427	(10,079)
<b>Net Position - Beginning of year</b>	102,365,762	553,425
<b>Net Position - End of year</b>	<b>\$ 107,132,189</b>	<b>\$ 543,346</b>

## Charter Township of Waterford

### Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2023

	Enterprise Fund	Governmental Activities
	Internal Service Fund - Motor Pool Fund	Water and Sewer Fund
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 26,591,678	\$ -
Payments to suppliers	(13,501,558)	(7,190)
Payments to employees and fringes	(5,765,583)	-
Net cash and cash equivalents provided by (used in) operating activities	7,324,537	(7,190)
<b>Cash Flows from Capital and Related Financing Activities</b>		
Receipt of capital grants	11,139	-
Special assessment collections	22,945	-
Benefit fees	444,346	-
Proceeds from sale of capital assets	24,994	30,882
Purchase of capital assets	(5,591,435)	-
Principal and interest paid on capital debt	(2,949,772)	-
Net cash and cash equivalents (used in) provided by capital and related financing activities	(8,037,783)	30,882
<b>Cash Flows from Investing Activities</b>		
Interest received on investments	630,167	2,610
Purchases of investment securities	(791,953)	-
Net cash and cash equivalents (used in) provided by investing activities	(161,786)	2,610
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(875,032)	26,302
<b>Cash and Cash Equivalents - Beginning of year</b>	15,844,737	189,398
<b>Cash and Cash Equivalents - End of year</b>	<u><u>\$ 14,969,705</u></u>	<u><u>\$ 215,700</u></u>
<b>Classification of Cash and Cash Equivalents</b>		
Cash and investments	\$ 25,029,056	\$ 215,700
Less amounts classified as investments	(10,059,351)	-
Total cash and cash equivalents	<u><u>\$ 14,969,705</u></u>	<u><u>\$ 215,700</u></u>

## Charter Township of Waterford

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

Year Ended December 31, 2023

	Enterprise Fund	Governmental Activities
	Water and Sewer Fund	Internal Service Fund - Motor Pool Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>		
Operating income (loss)		
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	6,019,092	6,011
Changes in assets and liabilities:		
Receivables	322,891	-
Inventories	-	(13,501)
Accrued and other liabilities	(184,290)	-
Accounts payable	717,137	6,311
Estimated claims liability	(7,690)	-
Net pension and OPEB liabilities and related deferrals	(2,196,407)	-
Total adjustments	4,670,733	(1,179)
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 7,324,537</u>	<u>\$ (7,190)</u>

**Noncash Investing, Capital, and Financing Activities** - During the year ended December 31, 2023, the Water and Sewer Fund received approximately \$756,000 of lines donated by developers. In addition, restricted assets held at the County were reduced by approximately \$950,000 in order to fund the construction of capital assets.

## Charter Township of Waterford

### Fiduciary Funds Statement of Fiduciary Net Position

December 31, 2023

	Pension and Other Postemployment Benefits Funds	Custodial Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 9,420,695	\$ 7,205,580
Investments:		
Fixed-income funds	22,629,828	-
Publicly traded partnerships	33,908,906	-
Stocks	108,615,311	-
Mutual funds	43,327,462	-
Real estate investment trusts	6,757,581	-
Pension manager short-term funds	7,345,555	-
Securities lending short-term collateral bank investment pool - Mutual funds	1,603,517	-
Receivables:		
Property taxes receivable	-	4,337,607
Special assessments receivable	-	125,750
Accrued interest receivable	144,504	-
Prepaid items	1,048,032	-
Total assets	234,801,391	11,668,937
<b>Liabilities</b>		
Accounts payable	-	6,243
Due to other governmental units	-	6,417,600
Accrued liabilities and other	-	163,339
Obligations under securities lending agreements	1,603,517	-
Total liabilities	1,603,517	6,587,182
<b>Deferred Inflows of Resources</b> - Property taxes and special assessments levied for the following year	-	4,629,209
Total liabilities and deferred inflows of resources	1,603,517	11,216,391
<b>Net Position</b>		
Restricted:		
Pension	180,884,151	-
Postemployment benefits other than pension	52,313,723	-
Individuals, organizations, and other governments	-	452,546
Total net position	<u>\$ 233,197,874</u>	<u>\$ 452,546</u>

## Charter Township of Waterford

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

Year Ended December 31, 2023

	Pension and Other Postemployment Benefits Funds	Custodial Funds
<b>Additions</b>		
Investment income:		
Interest and dividends	\$ 5,935,525	-
Net increase in fair value of investments	24,628,593	-
Investment costs	(955,177)	-
Net investment income	29,608,941	-
Contributions:		
Employer contributions	17,324,525	-
Employee contributions	279,236	-
Total contributions	17,603,761	-
Property tax collections for other governments	-	75,898,312
Special assessments	-	282,164
District court receipts	-	697,168
Total additions	47,212,702	76,877,644
<b>Deductions</b>		
Benefit payments	21,042,935	-
Administrative expenses	155,819	-
Tax distributions to other governments	-	75,898,312
Weed control	-	293,715
District court disbursements	-	697,168
Total deductions	21,198,754	76,889,195
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	26,013,948	(11,551)
<b>Net Position - Beginning of year</b>	207,183,926	464,097
<b>Net Position - End of year</b>	<b>\$ 233,197,874</b>	<b>\$ 452,546</b>

## Charter Township of Waterford

### Component Units Statement of Net Position

December 31, 2023

	Economic Development Corporation	Waterford Youth Assistance Corporation	Brownfield Redevelopment Authority	Total
<b>Assets</b>				
Cash and investments	\$ 148,689	\$ 101,132	\$ 96,541	\$ 346,362
Receivables - Property taxes	-	-	7,341	7,341
Total assets	148,689	101,132	103,882	353,703
<b>Liabilities</b> - Accounts payable				
Deferred Inflows of Resources - Property taxes levied for the following year	-	62	-	62
Net Position - Unrestricted	<b>\$ 148,689</b>	<b>\$ 101,070</b>	<b>\$ 76,429</b>	<b>\$ 326,188</b>

## Charter Township of Waterford

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	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Economic Development Corporation	\$ -	\$ -	\$ -	\$ -
Waterford Youth Assistance Corporation	28,204	3,136	41,721	-
Brownfield Redevelopment Authority	4,969	-	-	-
<b>Total component units</b>	<b>\$ 33,173</b>	<b>\$ 3,136</b>	<b>\$ 41,721</b>	<b>\$ -</b>
<b>General revenue:</b>				
Property taxes				
Unrestricted investment income				
Total general revenue				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year</b>				
<b>Net Position - End of year</b>				

**Component Units  
Statement of Activities**

**Year Ended December 31, 2023**

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

Economic Development Corporation	Waterford Youth Assistance Corporation	Brownfield Redevelopment Authority	Total
\$ -	\$ -	\$ -	\$ -
-	16,653	-	16,653
-	-	(4,969)	(4,969)
-	16,653	(4,969)	11,684
 - 2,321 2,321 2,321 146,368 <b>\$ 148,689</b>	 - 1,328 1,328 17,981 83,089 <b>\$ 101,070</b>	 27,268 1,246 28,514 23,545 52,884 <b>\$ 76,429</b>	 27,268 4,895 32,163 43,847 282,341 <b>\$ 326,188</b>

December 31, 2023

### 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, 2023

### 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, 2023****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.

**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 fund is used to account for the financing of goods and services provided by one department to other departments of the Township on a cost-reimbursement basis. The Township utilizes an internal service fund to account for motor pool activities.

**December 31, 2023****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 \$1,927,586 on deposit at the county that is being held for certain projects of the Water and Sewer Fund.

**December 31, 2023****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, 2023, 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 bond 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, 2023

### 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 other postemployment benefit plan. The deferred inflows of resources related to the other postemployment benefit plan are reported in the government-wide financial statements and the Water and Sewer Fund (see Note 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, 2023

### 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, 2023 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 2022 property tax revenue was levied and collectible on December 31, 2022 and is recognized as revenue in the year ended December 31, 2023 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2022 taxable valuation of the Township totaled \$2.6 billion on which ad valorem taxes levied consisted of 3.5451 mills for operating purposes, 2.7758 mills for police, 2.4803 mills for the fire department, 1.0000 mills for the library, 0.4603 mills for parks and recreation, and 2.7000 mills for police and fire special assessment. This resulted in property tax revenue of \$9.23 million for operating, \$7.23 million for police, \$6.46 million for the fire department, \$2.60 million for the library, \$1.20 million for parks and recreation, and \$6.75 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, 2023****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.

- The Township uses the estimated borrowing rate as the discount rate for leases.

December 31, 2023

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

- 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.

#### ***Upcoming Accounting Pronouncements***

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.

In December 2023, the Government Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2025.

In April 2024, the Government Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which provides updated guidance impacting management's discussion and analysis; the proprietary fund statement of revenue, expenses, and changes in fund net position; major component unit information; and budgetary comparison information. The provisions of this new statement are effective for the Township's financial statements for the year ending December 31, 2026.

### 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, 2023	\$ (6,276,792)
Current year permit revenue	1,447,298
Related expenses:	
Direct costs	\$ 1,033,457
Estimated indirect costs	<u>-</u> <u>1,033,457</u>
Current year surplus	413,841
Cumulative shortfall December 31, 2023	\$ (5,862,951)

#### ***Noncompliance with Legal or Contractual Provisions***

The Grant Fund budget included a budgeted deficit, which is a violation of Michigan law.

# Charter Township of Waterford

## Notes to Financial Statements

December 31, 2023

### 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	\$ 84,792,556	\$ 25,029,056	\$ 109,821,612	\$ 240,814,435	\$ 350,636,047	\$ 346,362

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

	Primary Government and Fiduciary Funds	Component Units
Deposits with financial institutions	\$ 66,912,745	\$ 346,362
Investments:		
Equity securities and mutual funds	153,546,290	-
Debt securities or funds	25,236,251	-
Short-term funds	56,928,719	-
Real estate and other	48,012,042	-
Total	\$ 350,636,047	\$ 346,362

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.

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 \$58,292,058 (certificates of deposit and checking and savings accounts). Of that amount, \$1,766,500 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.

# Charter Township of Waterford

## Notes to Financial Statements

December 31, 2023

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

#### *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	\$ 2,606,423	\$ -	\$ 2,606,423	\$ -	\$ -
Fixed-income pool	<u>56,928,719</u>	<u>56,928,719</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b>\$ 59,535,142</b>	<b>\$ 56,928,719</b>	<b>\$ 2,606,423</b>	<b>\$ -</b>	<b>\$ -</b>
Fiduciary Activities	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Agency securities	\$ 1,584,349	\$ -	\$ 424,584	\$ 803,093	\$ 356,672
Bonds	<u>4,853,241</u>	<u>122,113</u>	<u>2,893,484</u>	<u>1,601,408</u>	<u>236,236</u>
<b>Total</b>	<b>\$ 6,437,590</b>	<b>\$ 122,113</b>	<b>\$ 3,318,068</b>	<b>\$ 2,404,501</b>	<b>\$ 592,908</b>

#### *Credit Risk*

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

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
Agency securities	\$ 2,606,426	Aaa	Moody's
Fixed-income pool	<u>56,928,719</u>	Not rated	
<b>Total</b>	<b>\$ 59,535,145</b>		
Investment	Fair Value	Rating	Rating Organization
<b>Fiduciary Funds</b>			
Bonds	\$ 382,928	A-	S&P
Bonds	114,176	A+	S&P
Bonds	131,005	AA-	S&P
Bonds	230,735	BB+	S&P
Bonds	1,553,923	BBB	S&P
Bonds	1,564,206	BBB-	S&P
Bonds	647,398	BBB+	S&P
Bonds	228,870	BB	S&P
Agency securities	<u>1,584,349</u>	Aaa	Moody's
<b>Total</b>	<b>\$ 6,437,590</b>		

December 31, 2023

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

#### *Concentration of Credit Risk*

The Township places no limit on the amount it may invest in any one issuer. More than 47 percent of the primary government's cash and investments are in the Oakland County Local Government Investment Pool (the "LGIP"). The LGIP is not registered with the 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, 2023, only United States currency and governmental securities were received as collateral.

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

The Retirement Systems and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of such investment pool as of December 31, 2023 did not generally match the duration of the investments made with cash collateral. On December 31, 2023, 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, 2023 were \$1,603,517 and \$1,559,729, 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, 2023.

#### *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.

## Charter Township of Waterford

## Notes to Financial Statements

December 31, 2023

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

The Township has the following recurring fair value measurements as of December 31, 2023:

	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, 2023
Fixed-income funds	\$ 15,836,957	\$ 6,792,871	\$ -	\$ 22,629,828
Stocks	108,615,311	-	-	108,615,311
Mutual funds	41,591,808	-	-	41,591,808
Agency securities	-	2,606,423	-	2,606,423
<b>Total investments by fair value level</b>	<b>\$ 166,044,076</b>	<b>\$ 9,399,294</b>	<b>\$ -</b>	<b>175,443,370</b>
Investments measured at net asset value (NAV):				
Mutual funds				1,735,654
Publicly traded partnerships				33,908,906
Real estate investment trusts				6,757,581
Fixed-income pool				56,928,719
<b>Total investments measured at NAV</b>	<b></b>	<b></b>	<b></b>	<b>99,330,860</b>
<b>Total investments measured at fair value</b>	<b></b>	<b></b>	<b></b>	<b>\$ 274,774,230</b>

Certain fixed-income funds, mutual funds, 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 and agency securities at December 31, 2023 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.

At December 31, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Mutual funds	\$ 1,735,654	\$ -	No restrictions	None
Publicly traded partnerships	33,908,906	-	Monthly	30-60 days
Real estate investment trusts	6,757,581	-	No restrictions	None
Fixed-income pool	56,928,719	-	No restrictions	None
<b>Total</b>	<b>\$ 99,330,860</b>	<b>\$ -</b>		

## Charter Township of Waterford

## Notes to Financial Statements

December 31, 2023

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

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.

### Note 4 - Capital Assets

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

#### **Governmental Activities**

	Balance January 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2023
<b>Capital assets not being depreciated:</b>					
Land	\$ 26,582,060	\$ -	\$ -	\$ -	\$ 26,582,060
Construction in progress	-	-	226,162	-	226,162
Subtotal	26,582,060	-	226,162	-	26,808,222
<b>Capital assets being depreciated:</b>					
Infrastructure	17,180,688	-	568,557	-	17,749,245
Buildings and improvements	32,375,855	-	1,116,893	-	33,492,748
Machinery and office equipment, vehicles, and other	29,693,904	-	2,177,556	(1,520,234)	30,351,226
Subtotal	79,250,447	-	3,863,006	(1,520,234)	81,593,219
<b>Accumulated depreciation:</b>					
Infrastructure	13,063,021	-	216,720	-	13,279,741
Buildings and improvements	17,327,432	-	707,715	-	18,035,147
Machinery and office equipment, vehicles, and other	21,774,581	-	1,870,621	(1,431,646)	22,213,556
Subtotal	52,165,034	-	2,795,056	(1,431,646)	53,528,444
Net capital assets being depreciated	27,085,413	-	1,067,950	(88,588)	28,064,775
Net governmental activities capital assets	\$ 53,667,473	\$ -	\$ 1,294,112	\$ (88,588)	\$ 54,872,997

## Charter Township of Waterford

## Notes to Financial Statements

December 31, 2023

### Note 4 - Capital Assets (Continued)

#### Business-type Activities

	Balance January 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2023
Capital assets not being depreciated:					
Land	\$ 3,267,097	\$ -	\$ -	\$ -	\$ 3,267,097
Construction in progress	8,840,982	(160,465)	2,165,546	-	10,846,063
Subtotal	12,108,079	(160,465)	2,165,546	-	14,113,160
Capital assets being depreciated:					
Lines and laterals	133,162,521	160,465	4,193,283	(301,021)	137,215,248
Buildings and improvements	25,414,462	-	18,625	-	25,433,087
Machinery and office equipment, vehicles, and other	8,365,502	-	932,468	(402,542)	8,895,428
Oakland-Macomb Interceptor joint assets	28,031,107	-	-	-	28,031,107
Subtotal	194,973,592	160,465	5,144,376	(703,563)	199,574,870
Accumulated depreciation:					
Lines and laterals	74,281,676	-	3,694,124	(301,021)	77,674,779
Buildings and improvements	15,395,798	-	546,133	-	15,941,931
Machinery and office equipment, vehicles, and other	4,619,518	-	657,591	(402,542)	4,874,567
Oakland-Macomb Interceptor joint assets	7,482,665	-	1,121,244	-	8,603,909
Subtotal	101,779,657	-	6,019,092	(703,563)	107,095,186
Net capital assets being depreciated	93,193,935	160,465	(874,716)	-	92,479,684
Net business-type activities capital assets	\$ 105,302,014	\$ -	\$ 1,290,830	\$ -	\$ 106,592,844

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

Governmental activities:		
General government		\$ 619,061
District court		73,719
Public safety		1,650,191
Community and economic development		39,241
Recreation and culture		412,844
Total governmental activities		\$ 2,795,056
Business-type activities - Water and sewer		\$ 6,019,092

## Charter Township of Waterford

## Notes to Financial Statements

December 31, 2023

### 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	\$ 635,855
	Police Fund	5,735,680
	Other nonmajor governmental funds	<u>3,800,469</u>
	Total General Fund	10,172,004
Fire Fund	Other nonmajor governmental funds	1,751,000
Police Fund	Other nonmajor governmental funds	933,000
Police and Fire Special Assessment District	Fire Fund	4,051,663
	Police Fund	<u>2,657,563</u>
	Total Police and Fire Special Assessment District	6,709,226
Other nonmajor governmental funds	Other nonmajor governmental funds	<u>20,000</u>
	Total	<u>\$ 19,585,230</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.

### 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, 2023 can be summarized as follows:

#### Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Compensated absences	\$ 2,489,488	\$ 5,493,235	\$ (4,771,195)	\$ 3,211,528	\$ 3,211,528
Estimated liability for workers' compensation claims	488,991	277,597	(191,390)	575,198	210,990
Estimated liability for general liability claims	<u>242,516</u>	<u>116,968</u>	<u>(113,659)</u>	<u>245,825</u>	<u>245,825</u>
Total governmental activities long-term debt	<u>\$ 3,220,995</u>	<u>\$ 5,887,800</u>	<u>\$ (5,076,244)</u>	<u>\$ 4,032,551</u>	<u>\$ 3,668,343</u>

## Charter Township of Waterford

## Notes to Financial Statements

December 31, 2023

### 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		\$330,000-					
Amount of issue -		\$6,994,654					
Maturing through 2033	2.00%	\$394,225	\$ 3,939,225	\$	-	\$ (325,000)	\$ 3,614,225
Sewer Relief Fund:							
Series 2013B		\$200,000-					
Amount of issue -		\$4,130,000					
Maturing through 2035	2.00%	\$246,324	2,851,324		-	(195,000)	2,656,324
Sewer Relief Fund:							
Series 2007-B		\$187,393-					
Amount of issue -		\$3,745,000					
Maturing through 2027	1.63%	\$200,000	962,393		-	(190,000)	772,393
Drinking Water Relief Fund:							
Series 2007-C		\$495,000-					
Amount of issue -		\$8,905,000					
Maturing through 2028	2.13%	\$538,831	3,063,831		-	(485,000)	2,578,831
Oakland-Macomb Sewer Interceptor:							
Series 2010A		\$185,086-					
Amount of issue -		\$5,653,540					
Maturing through 2030	2.50%	\$220,084	1,797,690		-	(180,372)	1,617,318
Oakland-Macomb Sewer Interceptor:							
Series 2011		\$211,541-					
Amount of issue -		\$4,219,251					
Maturing through 2033	2.50%	\$263,611	2,574,861		-	(206,583)	2,368,278
Oakland-Macomb Sewer Interceptor:							
Series 2013A		\$453,000-					
Amount of issue -		\$9,206,996					
Maturing through 2034	2.00%	\$551,904	5,954,690		-	(443,813)	5,510,877
Oakland County Clinton River WRRF:							
Series 2017		\$133,013-					
Amount of issue -		\$3,006,307					
Maturing through 2038	2.00%	\$179,390	2,483,594		-	(129,449)	2,354,145
Oakland-Macomb Sewer Interceptor:							
Series 2010B 2019 Refunded		\$53,843-					
Amount of issue -		\$607,082					
Maturing through 2030	2.50%	\$67,304	473,147		-	(51,151)	421,996
							53,843

## Charter Township of Waterford

## Notes to Financial Statements

December 31, 2023

### 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		\$103,662-					
Maturing through 2040	2.00%-5.00%	\$271,141	\$ 3,703,792	\$ -	\$ (98,597)	\$ 3,605,195	\$ 103,662
Total direct borrowings and direct placements principal outstanding			27,804,547	-	(2,304,965)	25,499,582	2,355,148
Compensated absences			387,724	869,635	(812,859)	444,500	444,500
Estimated liability for general liability claims			51,593	12,609	(20,299)	43,903	43,903
Total business-type activities long-term debt			\$ 28,243,864	\$ 882,244	\$ (3,138,123)	\$ 25,987,985	\$ 2,843,551

#### 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 \$10,532,716. During the current year, net revenue of the system was \$8,672,896, compared to annual debt requirements of \$1,404,453.

#### 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 \$4.7 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.

# Charter Township of Waterford

## Notes to Financial Statements

December 31, 2023

### 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		
	Principal	Interest	Total
2024	\$ 2,355,148	\$ 575,039	\$ 2,930,187
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	2,436,323	348,238	2,784,561
2029-2033	9,535,602	1,013,737	10,549,339
2034-2038	3,151,883	206,599	3,358,482
2039-2041	537,217	10,795	548,012
Total	<u>\$ 25,499,582</u>	<u>\$ 3,550,863</u>	<u>\$ 29,050,445</u>

### 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, 2023****Note 7 - Pension Plans (Continued)*****Employees Covered by Benefit Terms***

At January 1, 2023, 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	180	192
Inactive plan members entitled to but not yet receiving benefits	-	22
Active plan members	46	46
 Total employees covered by the plan	 226	 260

***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, 2023, the active member contribution rate was 5.0 percent of annual pay for both plans. The Township's contribution rate was 42.0 and 21.2 percent of annual payroll for the Police and Fire Retirement System and the General Employees' Retirement System, respectively.

***Net Pension Liability (Asset)***

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, 2023	December 31, 2023
Based on a comprehensive actuarial valuation as of	January 1, 2023	January 1, 2023

## Charter Township of Waterford

## Notes to Financial Statements

December 31, 2023

### Note 7 - Pension Plans (Continued)

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

#### Police and Fire Retirement System

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at January 1, 2023</b>	\$ 118,827,877	\$ 102,931,431	\$ 15,896,446
Changes for the year:			
Service cost	1,123,526	-	1,123,526
Interest	7,802,896	-	7,802,896
Differences between expected and actual experience	1,692,760	-	1,692,760
Contributions - Employer	-	2,317,855	(2,317,855)
Contributions - Employee	-	244,303	(244,303)
Net investment income	-	12,003,119	(12,003,119)
Benefit payments, including refunds	(8,705,779)	(8,705,779)	-
Administrative expenses	-	(61,417)	61,417
Net changes	1,913,403	5,798,081	(3,884,678)
<b>Balance at December 31, 2023</b>	<u>\$ 120,741,280</u>	<u>\$ 108,729,512</u>	<u>\$ 12,011,768</u>

The plan's fiduciary net position represents 90.1 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 Liability (Asset)
<b>Balance at January 1, 2023</b>	\$ 70,464,566	\$ 64,773,687	\$ 5,690,879
Changes for the year:			
Service cost	496,896	-	496,896
Interest	4,466,041	-	4,466,041
Differences between expected and actual experience	(51,856)	-	(51,856)
Contributions - Employer	-	657,020	(657,020)
Contributions - Employee	-	3,605	(3,605)
Net investment income	-	11,297,794	(11,297,794)
Benefit payments, including refunds	(4,506,335)	(4,506,335)	-
Administrative expenses	-	(71,132)	71,132
Net changes	404,746	7,380,952	(6,976,206)
<b>Balance at December 31, 2023</b>	<u>\$ 70,869,312</u>	<u>\$ 72,154,639</u>	<u>\$ (1,285,327)</u>

The plan's fiduciary net position represents 101.8 percent of the total pension liability.

# Charter Township of Waterford

## Notes to Financial Statements

December 31, 2023

### 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, 2023, the Township recognized aggregate pension expense of \$470,144 from all plans.

At December 31, 2023, 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
Net difference between projected and actual earnings on pension plan investments	\$ 3,408,183	\$ -	\$ 1,649,655	\$ -

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	General Employees'		
	Police and Fire		Total
2024	\$ (45,709)	\$ (300,396)	\$ (346,105)
2025	1,180,350	1,053,081	2,233,431
2026	3,326,478	2,339,933	5,666,411
2027	(1,052,936)	(1,442,963)	(2,495,899)
Total	<u>\$ 3,408,183</u>	<u>\$ 1,649,655</u>	<u>\$ 5,057,838</u>

#### **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, 2023 actuarial valuation date valuation were based on the results of actuarial experience studies for the period from 2013 to 2017.

**December 31, 2023**

**Note 7 - Pension Plans (Continued)**

***Discount Rate***

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

	<u>Police and Fire Retirement System</u>	<u>General Employees' Retirement System</u>
Assumed investment rate of return	6.75	6.50
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, 2023 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

**Police and Fire Retirement System**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	77.00 %	5.10 %
Domestic bonds	18.00	2.97
Real estate	2.00	3.81
Alternatives	3.00	7.69

**General Employees' Retirement System**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	49.00 %	5.10 %
Domestic equities	35.00	2.97
Real estate	10.00	3.79
Private equity	6.00	7.67

**December 31, 2023****Note 7 - Pension Plans (Continued)*****Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

The following presents the net pension liability (asset) 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	\$ 24,663,469	\$ 12,011,768	\$ 1,371,118
Net pension liability (asset) of the General Employees' Retirement System	6,016,973	(1,285,327)	(5,690,879)
<b>Total</b>	<b>\$ 30,680,442</b>	<b>\$ 10,726,441</b>	<b>\$ (4,319,761)</b>

***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, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.02 and 17.97 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.

# Charter Township of Waterford

## Notes to Financial Statements

December 31, 2023

### Note 7 - Pension Plans (Continued)

The balances of the reserve accounts at December 31, 2023 are as follows:

#### Police and Fire Retirement System

	Required Reserve	Amount Funded
Retiree reserve	\$ 79,920,697	\$ 79,920,697
Employee reserve	4,227,649	4,227,649
Employer reserve	-	24,581,166
<b>Total</b>	<b>\$ 84,148,346</b>	<b>\$ 108,729,512</b>

#### General Employees' Retirement System

	Required Reserve	Amount Funded
Retiree reserve	\$ 43,782,419	\$ 43,782,419
Employee reserve	104,322	104,322
Employer reserve	-	28,267,898
<b>Total</b>	<b>\$ 43,886,741</b>	<b>\$ 72,154,639</b>

#### Deferred Retirement Option Program (DROP)

#### Police and Fire Retirement System

All plan members (except police officer union and police supervisors) may participate in the DROP after attaining the minimum requirements for a normal service retirement. A monthly amount equal to the amount that would have been paid had the member retired and current member contributions accumulate in the DROP account. The account is credited with the system's prior calendar year's fair value 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 services, although interest on the DROP account will continue to accrue during such time. Management DROP participants may continue in covered employment after 5 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, 2023.

December 31, 2023

### 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 was one DROP members at December 31, 2023.

### 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, 2023

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

*Contributions*

It is the Township's policy to pay retiree health care costs as they become due (on a pay-as-you-go basis) and to make discretionary contributions to the retiree health care fund on an annual basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. In the current year, the Township paid postemployment health care premiums of \$7,830,821, plus it contributed \$6,518,829 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, 2023 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, 2023 measurement date. The December 31, 2023 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, 2023.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at January 1, 2023</b>	\$ 120,339,872	\$ 39,478,808	\$ 80,861,064
Changes for the year:			
Service cost	1,749,782	-	1,749,782
Interest	7,685,332	-	7,685,332
Differences between expected and actual experience	(10,884,118)	-	(10,884,118)
Changes in assumptions	2,517,382	-	2,517,382
Contributions - Employer	-	14,349,650	(14,349,650)
Contributions - Employee	-	31,328	(31,328)
Net investment income	-	6,308,028	(6,308,028)
Benefit payments, including refunds	(7,830,821)	(7,830,821)	-
Administrative expenses	-	(23,270)	23,270
Net changes	(6,762,443)	12,834,915	(19,597,358)
<b>Balance at December 31, 2023</b>	<b>\$ 113,577,429</b>	<b>\$ 52,313,723</b>	<b>\$ 61,263,706</b>

The plan's fiduciary net position represents 46.1 percent of the total OPEB liability.

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

For the year ended December 31, 2023, the Township recognized OPEB expense of \$549,968.

**December 31, 2023**

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

At December 31, 2023, 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	\$ 840,305	\$ 10,979,630
Changes in assumptions	2,433,646	-
Net difference between projected and actual earnings on OPEB plan investments	1,118,893	-
<b>Total</b>	<b>\$ 4,392,844</b>	<b>\$ 10,979,630</b>

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

Years Ending December 31	Amount
2024	\$ (5,582,157)
2025	(1,473,882)
2026	1,175,209
2027	<u>(705,956)</u>
<b>Total</b>	<b><u>\$ (6,586,786)</u></b>

***Actuarial Assumptions***

The total OPEB liability in the January 1, 2023 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 8.0 percent for 2024, decreasing to an ultimate rate of 4.5 percent for 2031 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 6.50 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, 2023**

**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, 2023 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	6.23 %
U.S. small/mid cap	6.44
Private debt	1.44
International developed equity	3.00
Emerging market equity	4.92
Public real estate investment trust fund	3.02
Hedge funds - Diversified	1.12
Fixed income	0.85

***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	\$ 72,969,206	\$ 61,263,706	\$ 51,364,409

***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 8.0 percent for 2024, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent for 2031 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 (7.0% Decreasing to 3.5%)	Current Health Care Cost Trend Rate (8.0% Decreasing to 4.5%)	1 Percentage Point Increase (9.0% Decreasing to 5.5%)
Net OPEB liability	\$ 52,110,687	\$ 61,263,706	\$ 72,202,327

***Assumption Changes***

The health care cost trend rate was set to 8.0 percent for 2024, decreasing by 0.5 percent per year down to 4.5 percent in year 2031 and later years. In the January 1, 2022 valuation the health care cost trend rate was 7.5 percent for 2023, decreasing by 0.5 percent per year down to 4.5 percent for 2029 and later years.

**December 31, 2023****Note 8 - Other Postemployment Benefit Plan (Continued)*****Investment Policy***

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the OPEB board by a majority vote of its members. It is the policy of the OPEB board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the OPEB board's adopted asset allocation policy as of December 31, 2023:

Asset Class	Target Allocation
U.S. large cap	35.00 %
U.S. small/mid cap	20.00
Private debt	5.00
International developed equity	10.00
International emerging market equity	5.00
Public real estate investment trust fund	5.00
Hedge funds - Diversified	5.00
Fixed income	15.00
<b>Total</b>	<b>100.00 %</b>

***Rate of Return***

For the year ended December 31, 2023, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 14.81 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# Charter Township of Waterford

## Notes to Financial Statements

December 31, 2023

### 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
<b>Statement of Net Position</b>			
Cash and cash equivalents	\$ 54,969	\$ 13,356	\$ 9,352,370
Fixed-income funds	-	15,836,957	6,792,871
Publicly traded partnerships	28,084,817	4,108,651	1,715,438
Stocks	35,428,983	38,877,788	34,308,540
Mutual funds	34,863,181	8,464,281	-
Real estate investment funds	4,076,310	2,681,271	-
Pension manager short-term funds	5,563,019	1,782,536	-
Securities lending short-term collateral bank investment pool - Mutual funds	-	1,603,517	-
Accrued interest receivable	-	-	144,504
Prepaid items	658,233	389,799	-
Obligations under securities lending agreements	-	(1,603,517)	-
Net position	<u>\$ 108,729,512</u>	<u>\$ 72,154,639</u>	<u>\$ 52,313,723</u>
<b>Statement of Changes in Net Position</b>			
Interest and dividends	\$ 2,071,842	\$ 1,252,623	\$ 2,611,060
Net increase in fair value of investments	10,358,215	10,372,210	3,898,168
Investment costs	(426,938)	(327,039)	(201,200)
Employer contributions	2,317,855	657,020	14,349,650
Employee contributions	244,303	3,605	31,328
Benefit payments	(8,705,779)	(4,506,335)	(7,830,821)
Administrative expenses	(61,417)	(71,132)	(23,270)
Net change in net position	<u>\$ 5,798,081</u>	<u>\$ 7,380,952</u>	<u>\$ 12,834,915</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 \$2,520,300 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, 2023****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	
	2023	2022	2023	2022
Estimated liability - Beginning of year	\$ 294,109	\$ 196,634	\$ 488,991	\$ 613,777
Estimated claims incurred, including changes in estimates	129,577	176,011	277,597	168,044
Claim payments	(133,958)	(78,536)	(191,390)	(292,830)
Estimated liability - End of year	<u>\$ 289,728</u>	<u>\$ 294,109</u>	<u>\$ 575,198</u>	<u>\$ 488,991</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, undistributed 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, 2023 were \$32,270,000.

**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, 2023, the Township recognized the following related to its lessor agreements:

Lease revenue	\$ 167,855
Interest income related to its leases	156,624

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## Required Supplementary Information

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## Charter Township of Waterford

### Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended December 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 9,302,569	\$ 9,302,569	\$ 9,277,436	\$ (25,133)
Intergovernmental	7,775,524	8,210,080	12,243,509	4,033,429
Charges for services	1,343,586	1,343,586	1,411,294	67,708
Fines and forfeitures	1,170,800	1,195,800	1,342,390	146,590
Licenses and permits	647,300	1,237,300	1,447,298	209,998
Investment income	605,499	788,000	931,542	143,542
Other revenue:				
Other miscellaneous income	65,373	106,576	115,559	8,983
Cable franchise fees	894,892	894,892	903,525	8,633
Refunds and reimbursements	152,500	629,000	593,399	(35,601)
Total revenue	21,958,043	23,707,803	28,265,952	4,558,149
<b>Expenditures</b>				
Current services:				
General government:				
Township board	60,324	60,996	59,076	1,920
Supervisor and assessing	1,187,510	1,293,161	1,267,821	25,340
Elections	189,474	169,474	85,300	84,174
Personnel	290,338	311,755	290,414	21,341
Information service	574,459	674,649	648,554	26,095
Treasurer	952,969	1,062,329	1,046,792	15,537
General service	2,031,788	2,016,788	1,795,388	221,400
Clerk	979,796	1,080,390	1,041,838	38,552
Retiree benefits	928,003	792,850	798,914	(6,064)
Facilities and operations	108,555	108,555	-	108,555
District court	2,921,907	3,117,821	2,977,080	140,741
Public safety:				
Police	64,590	64,590	44,196	20,394
Building inspection	1,538,448	1,530,248	1,430,945	99,303
Planning department	1,861,710	1,660,200	1,615,318	44,882
Capital outlay	469,725	511,011	405,286	105,725
Total expenditures	14,159,596	14,454,817	13,506,922	947,895
<b>Excess of Revenue Over Expenditures</b>	7,798,447	9,252,986	14,759,030	5,506,044
<b>Other Financing (Uses) Sources</b>				
Transfers out	(8,030,747)	(10,474,277)	(10,309,504)	164,773
Sale of capital assets	5,000	5,000	3,651	(1,349)
Total other financing uses	(8,025,747)	(10,469,277)	(10,305,853)	163,424
<b>Net Change in Fund Balance</b>	(227,300)	(1,216,291)	4,453,177	5,669,468
<b>Fund Balance - Beginning of year</b>	16,598,311	16,598,311	16,598,311	-
<b>Fund Balance - End of year</b>	<b>\$ 16,371,011</b>	<b>\$ 15,382,020</b>	<b>\$ 21,051,488</b>	<b>\$ 5,669,468</b>

## Charter Township of Waterford

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

Year Ended December 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 7,159,490	\$ 7,164,490	\$ 7,223,315	\$ 58,825
Intergovernmental	37,050	37,050	190,654	153,604
Charges for services	37,500	37,500	60,011	22,511
Fines and forfeitures	62,970	62,970	87,762	24,792
Licenses and permits	34,500	34,500	42,381	7,881
Investment income	66,966	132,509	146,335	13,826
Other revenue	380,500	380,500	385,586	5,086
Total revenue	7,778,976	7,849,519	8,136,044	286,525
<b>Expenditures</b>				
Current services - Public safety	15,584,392	15,176,898	14,744,285	432,613
Capital outlay	461,462	516,736	460,940	55,796
Total expenditures	16,045,854	15,693,634	15,205,225	488,409
<b>Excess of Expenditures Over Revenue</b>	(8,266,878)	(7,844,115)	(7,069,181)	774,934
<b>Other Financing Sources (Uses)</b>				
Transfers in	8,393,243	8,393,243	8,393,243	-
Transfers out	(133,000)	(933,000)	(933,000)	-
Sale of capital assets	8,500	8,500	8,602	102
Total other financing sources	8,268,743	7,468,743	7,468,845	102
<b>Net Change in Fund Balance</b>	1,865	(375,372)	399,664	775,036
<b>Fund Balance - Beginning of year</b>	3,918,849	3,918,849	3,918,849	-
<b>Fund Balance - End of year</b>	<b>\$ 3,920,714</b>	<b>\$ 3,543,477</b>	<b>\$ 4,318,513</b>	<b>\$ 775,036</b>

## Charter Township of Waterford

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

Year Ended December 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 6,395,447	\$ 6,395,447	\$ 6,454,195	\$ 58,748
Intergovernmental	24,755	24,755	30,443	5,688
Charges for services	11,034,773	11,573,475	11,547,952	(25,523)
Investment income	65,201	156,000	167,848	11,848
Other revenue	80,645	250,450	133,564	(116,886)
Total revenue	17,600,821	18,400,127	18,334,002	(66,125)
<b>Expenditures</b>				
Current services - Public safety	20,776,387	21,065,468	20,363,043	702,425
Capital outlay	1,259,100	656,486	533,493	122,993
Total expenditures	22,035,487	21,721,954	20,896,536	825,418
<b>Excess of Expenditures Over Revenue</b>	(4,434,666)	(3,321,827)	(2,562,534)	759,293
<b>Other Financing Sources (Uses)</b>				
Transfers in	4,687,518	4,687,518	4,687,518	-
Transfers out	(260,000)	(1,751,000)	(1,751,000)	-
Sale of capital assets	9,125	9,125	1,500	(7,625)
Total other financing sources	4,436,643	2,945,643	2,938,018	(7,625)
<b>Net Change in Fund Balance</b>	1,977	(376,184)	375,484	751,668
<b>Fund Balance - Beginning of year</b>	4,705,182	4,705,182	4,705,182	-
<b>Fund Balance - End of year</b>	<b>\$ 4,707,159</b>	<b>\$ 4,328,998</b>	<b>\$ 5,080,666</b>	<b>\$ 751,668</b>

## 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, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 6,705,674	\$ 6,705,674	\$ 6,745,490	\$ 39,816
Investment income	13,776	13,776	18,614	4,838
Total revenue	6,719,450	6,719,450	6,764,104	44,654
<b>Expenditures</b>	-	-	-	-
<b>Excess of Revenue Over Expenditures</b>	6,719,450	6,719,450	6,764,104	44,654
<b>Other Financing Uses - Transfers out</b>	(6,731,860)	(6,709,226)	(6,709,226)	-
<b>Net Change in Fund Balance</b>	(12,410)	10,224	54,878	44,654
<b>Fund Balance - Beginning of year</b>	81,223	81,223	81,223	-
<b>Fund Balance - End of year</b>	<b>\$ 68,813</b>	<b>\$ 91,447</b>	<b>\$ 136,101</b>	<b>\$ 44,654</b>

## 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 Ten Fiscal Years									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>										
Service cost	\$ 1,123,526	\$ 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	7,802,896	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	1,692,760	(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	(8,705,779)	(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)
<b>Net Change in Total Pension Liability</b>	1,913,403	762,134	2,294,663	1,940,336	660,416	4,946,571	1,334,146	761,422	1,880,550	2,976,263
<b>Total Pension Liability - Beginning of year</b>	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	101,271,376
<b>Total Pension Liability - End of year</b>	<b>\$ 120,741,280</b>	<b>\$ 118,827,877</b>	<b>\$ 118,065,743</b>	<b>\$ 115,771,080</b>	<b>\$ 113,830,744</b>	<b>\$ 113,170,328</b>	<b>\$ 108,223,757</b>	<b>\$ 106,889,611</b>	<b>\$ 106,128,189</b>	<b>\$ 104,247,639</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 2,317,855	\$ 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	244,303	318,173	303,661	375,095	338,105	359,818	381,439	367,992	395,861	446,148
Net investment income (loss)	12,003,119	(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	(61,417)	(68,211)	(25,979)	(43,891)	(43,298)	(561,214)	(458,499)	(452,779)	(522,512)	(560,067)
Benefit payments, including refunds	(8,705,779)	(8,763,979)	(7,989,006)	(7,652,406)	(8,483,981)	(7,289,655)	(7,656,114)	(6,966,017)	(7,234,304)	(5,711,969)
<b>Net Change in Plan Fiduciary Net Position</b>	5,798,081	(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
<b>Plan Fiduciary Net Position - Beginning of year</b>	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	85,450,868
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 108,729,512</b>	<b>\$ 102,931,431</b>	<b>\$ 122,373,663</b>	<b>\$ 109,095,825</b>	<b>\$ 100,321,017</b>	<b>\$ 87,358,532</b>	<b>\$ 97,481,518</b>	<b>\$ 88,760,298</b>	<b>\$ 82,844,748</b>	<b>\$ 88,104,799</b>
<b>Township's Net Pension Liability (Asset) - Ending</b>	<b>\$ 12,011,768</b>	<b>\$ 15,896,446</b>	<b>\$ (4,307,920)</b>	<b>\$ 6,675,255</b>	<b>\$ 13,509,727</b>	<b>\$ 25,811,796</b>	<b>\$ 10,742,239</b>	<b>\$ 18,129,313</b>	<b>\$ 23,283,441</b>	<b>\$ 16,142,840</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	90.05 %	86.62 %	103.65 %	94.23 %	88.13 %	77.19 %	90.07 %	83.04 %	78.06 %	84.51 %
<b>Covered Payroll</b>	\$ 4,985,928	\$ 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
<b>Township's Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	240.91 %	287.88 %	(74.45)%	112.06 %	222.37 %	401.64 %	169.31 %	272.56 %	342.66 %	221.95 %

## Charter Township of Waterford

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

	Last Ten Fiscal Years									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>										
Service cost	\$ 496,896	\$ 521,939	\$ 472,473	\$ 525,397	\$ 589,506	\$ 700,386	\$ 783,877	\$ 820,172	\$ 900,676	\$ 983,329
Interest	4,466,041	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	(51,856)	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	(4,506,335)	(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)
<b>Net Change in Total Pension Liability</b>	404,746	2,272,653	756,395	674,278	518,183	2,858,647	(818,079)	643,311	468,269	1,710,538
<b>Total Pension Liability - Beginning of year</b>	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	61,380,371
<b>Total Pension Liability - End of year</b>	<b>\$ 70,869,312</b>	<b>\$ 70,464,566</b>	<b>\$ 68,191,913</b>	<b>\$ 67,435,518</b>	<b>\$ 66,761,240</b>	<b>\$ 66,243,057</b>	<b>\$ 63,384,410</b>	<b>\$ 64,202,489</b>	<b>\$ 63,559,178</b>	<b>\$ 63,090,909</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 657,020	\$ 606,783	\$ 858,317	\$ 984,672	\$ 761,758	\$ 674,987	\$ 989,146	\$ 1,249,587	\$ 1,555,154	\$ 1,729,217
Contributions - Member	3,605	3,771	5,120	6,333	8,742	11,627	11,489	14,822	17,565	17,609
Net investment income (loss)	11,297,794	(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	(71,132)	(86,901)	(54,851)	(43,905)	(49,297)	(416,490)	(383,813)	(368,089)	(401,114)	(406,264)
Benefit payments, including refunds	(4,506,335)	(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)
<b>Net Change in Plan Fiduciary Net Position</b>	7,380,952	(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
<b>Plan Fiduciary Net Position - Beginning of year</b>	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	59,859,497
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 72,154,639</b>	<b>\$ 64,773,687</b>	<b>\$ 82,303,488</b>	<b>\$ 74,609,520</b>	<b>\$ 66,889,126</b>	<b>\$ 59,245,886</b>	<b>\$ 65,536,884</b>	<b>\$ 59,432,235</b>	<b>\$ 59,740,412</b>	<b>\$ 61,438,239</b>
<b>Township's Net Pension (Asset) Liability - Ending</b>	<b>\$ (1,285,327)</b>	<b>\$ 5,690,879</b>	<b>\$ (14,111,575)</b>	<b>\$ (7,174,002)</b>	<b>\$ (127,886)</b>	<b>\$ 6,997,171</b>	<b>\$ (2,152,474)</b>	<b>\$ 4,770,254</b>	<b>\$ 3,818,766</b>	<b>\$ 1,652,670</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	101.81 %	91.92 %	120.69 %	110.64 %	100.19 %	89.44 %	103.40 %	92.57 %	93.99 %	97.38 %
<b>Covered Payroll</b>	\$ 3,040,215	\$ 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
<b>Township's Net Pension (Asset) Liability as a Percentage of Covered Payroll</b>	(42.28)%	183.32 %	(400.49)%	(206.46)%	(3.38)%	178.89 %	(48.22)%	105.41 %	77.16 %	29.18 %

## Charter Township of Waterford

# Required Supplementary Information

## Schedule of Pension Contributions

### Police and Fire Retirement System

## Last Ten Fiscal Years Years Ended December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 2,317,855	\$ 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 in relation to the actuarially determined contribution	2,317,855	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
<b>Contribution Deficiency</b>	<b>\$ -</b>									
<b>Covered Payroll</b>	<b>\$ 4,985,928</b>	<b>\$ 5,521,826</b>	<b>\$ 5,786,009</b>	<b>\$ 5,956,794</b>	<b>\$ 6,075,423</b>	<b>\$ 6,426,594</b>	<b>\$ 6,344,741</b>	<b>\$ 6,651,574</b>	<b>\$ 6,794,855</b>	<b>\$ 7,273,279</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>46.49 %</b>	<b>52.49 %</b>	<b>52.74 %</b>	<b>55.88 %</b>	<b>50.15 %</b>	<b>44.37 %</b>	<b>46.44 %</b>	<b>47.93 %</b>	<b>48.03 %</b>	<b>46.56 %</b>

## **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 2023 contribution was determined from the January 1, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	13 years
Asset 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-2021

## Charter Township of Waterford

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

## Last Ten Fiscal Years Years Ended December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 657,020	\$ 606,783	\$ 858,317	\$ 984,672	\$ 761,758	\$ 674,987	\$ 989,146	\$ 1,249,587	\$ 1,555,154	\$ 1,729,217
Contributions in relation to the actuarially determined contribution	657,020	606,783	858,317	984,672	761,758	674,987	989,146	1,249,587	1,555,154	1,729,217
<b>Contribution Deficiency</b>	<b>\$ -</b>									
<b>Covered Payroll</b>	<b>\$ 3,040,215</b>	<b>\$ 3,104,297</b>	<b>\$ 3,523,615</b>	<b>\$ 3,474,846</b>	<b>\$ 3,787,197</b>	<b>\$ 3,911,445</b>	<b>\$ 4,463,488</b>	<b>\$ 4,525,599</b>	<b>\$ 4,948,841</b>	<b>\$ 5,664,337</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>21.61 %</b>	<b>19.55 %</b>	<b>24.36 %</b>	<b>28.34 %</b>	<b>20.11 %</b>	<b>17.26 %</b>	<b>22.16 %</b>	<b>27.61 %</b>	<b>31.42 %</b>	<b>30.53 %</b>

## **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 2023 contribution was determined from the January 1, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	11 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	6.50 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-2021

## Charter Township of Waterford

### Required Supplementary Information Schedule of Pension Investment Returns

	Last Ten Fiscal Years Years Ended December 31									
	2023	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	12.02 %	(11.95)%	17.27 %	14.06 %	20.83 %	(5.56)%	15.54 %	7.10 %	(1.50)%	6.10 %
General Employees' Retirement System	17.97 %	(16.84)%	15.58 %	17.77 %	19.08 %	(3.74)%	15.99 %	4.70 %	1.30 %	6.30 %

## Charter Township of Waterford

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

	Last Seven Fiscal Years*						
	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>							
Service cost	\$ 1,749,782	\$ 2,450,355	\$ 2,484,746	\$ 2,241,557	\$ 2,272,870	\$ 2,740,489	\$ 2,720,492
Interest	7,685,332	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	(10,884,118)	1,680,610	(14,894,207)	-	(22,661,591)	-	-
Changes in assumptions	2,517,382	1,510,782	-	-	2,858,591	-	-
Benefit payments, including refunds	(7,830,821)	(8,433,321)	(7,849,727)	(6,689,934)	(6,127,114)	(5,753,465)	(5,795,277)
<b>Net Change in Total OPEB Liability</b>	(6,762,443)	(30,448,671)	(9,903,773)	5,494,884	(12,858,849)	7,335,924	6,828,270
<b>Total OPEB Liability - Beginning of year</b>	<u>120,339,872</u>	<u>150,788,543</u>	<u>160,692,316</u>	<u>155,197,432</u>	<u>168,056,281</u>	<u>160,720,357</u>	<u>153,892,087</u>
<b>Total OPEB Liability - End of year</b>	<b>\$ 113,577,429</b>	<b>\$ 120,339,872</b>	<b>\$ 150,788,543</b>	<b>\$ 160,692,316</b>	<b>\$ 155,197,432</b>	<b>\$ 168,056,281</b>	<b>\$ 160,720,357</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 14,349,650	\$ 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	31,328	38,627	45,990	53,019	53,342	54,245	54,831
Net investment income (loss)	6,308,028	(6,574,004)	5,442,761	3,523,484	3,641,920	(934,859)	1,431,730
Administrative expenses	(23,270)	(10,475)	(5,665)	(4,098)	(56,734)	(49,049)	(30,839)
Benefit payments, including refunds	(7,830,821)	(8,433,321)	(7,849,727)	(6,689,934)	(6,127,114)	(5,753,465)	(5,795,277)
<b>Net Change in Plan Fiduciary Net Position</b>	12,834,915	(1,601,422)	10,483,047	8,444,223	8,094,928	328,537	2,307,122
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>39,478,808</u>	<u>41,080,230</u>	<u>30,597,183</u>	<u>22,152,960</u>	<u>14,058,032</u>	<u>13,729,495</u>	<u>11,422,373</u>
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 52,313,723</b>	<b>\$ 39,478,808</b>	<b>\$ 41,080,230</b>	<b>\$ 30,597,183</b>	<b>\$ 22,152,960</b>	<b>\$ 14,058,032</b>	<b>\$ 13,729,495</b>
<b>Net OPEB Liability - Ending</b>	<b>\$ 61,263,706</b>	<b>\$ 80,861,064</b>	<b>\$ 109,708,313</b>	<b>\$ 130,095,133</b>	<b>\$ 133,044,472</b>	<b>\$ 153,998,249</b>	<b>\$ 146,990,862</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	46.06 %	32.81 %	27.24 %	19.04 %	14.27 %	8.37 %	8.54 %
<b>Covered-employee Payroll</b>	\$ 11,551,113	\$ 11,160,496	\$ 13,600,556	\$ 13,359,906	\$ 13,359,906	\$ 14,194,380	-
<b>Net OPEB Liability as a Percentage of Covered-employee Payroll</b>	530.37 %	724.53 %	806.65 %	973.77 %	995.85 %	1,084.92 %	- %

\*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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 8,492,627	\$ 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
Contributions in relation to the actuarially determined contribution	14,349,650	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
<b>Contribution Excess (Deficiency)</b>	<b>\$ 5,857,023</b>	<b>\$ 2,366,928</b>	<b>\$ 310,968</b>	<b>\$ (1,214,226)</b>	<b>\$ (2,226,736)</b>	<b>\$ (6,687,195)</b>	<b>\$ (7,041,675)</b>	<b>\$ (5,456,866)</b>	<b>\$ (6,396,127)</b>	<b>\$ (5,331,494)</b>
<b>Covered-employee Payroll</b>	<b>\$ 11,551,113</b>	<b>\$ 11,160,496</b>	<b>\$ 13,600,556</b>	<b>\$ 13,359,906</b>	<b>\$ 13,359,906</b>	<b>\$ 14,194,380</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Contributions as a Percentage of Covered-employee Payroll</b>	<b>124.23 %</b>	<b>119.87 %</b>	<b>94.48 %</b>	<b>86.54 %</b>	<b>79.22 %</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>

## **Notes to Schedule of Contributions**

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31 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	25 years, closed
Asset valuation method	Fair value
Inflation	3.50 percent
Health care cost trend rates	Trend starting at 7.5 percent in 2023, grading to 4.50 percent in 2029
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-2021

## Charter Township of Waterford

### Required Supplementary Information Schedule of OPEB Investment Returns

	<b>Last Seven Fiscal Years*</b> <b>Years Ended December 31</b>						
	<u>2023</u>	<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	14.81 %	(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, 2023

### 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	\$ 28,287,113	\$ 13,506,922	\$ (10,168,353)	\$ 23,147,907
Cemetery Care Fund	(19,031)	-	(125,000)	(1,027,515)
Workers' Compensation Fund	(2,130)	-	(12,500)	(1,068,904)
Amounts per budget statement	<u>\$ 28,265,952</u>	<u>\$ 13,506,922</u>	<u>\$ (10,305,853)</u>	<u>\$ 21,051,488</u>

### Excess of Expenditures Over Appropriations in Budgeted Funds

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

	Budget	Actual	Variance
General Fund - Retiree benefits	\$ 792,850	\$ 798,914	\$ (6,064)
Community Development Block Grant Fund - Community and economic development	466,150	497,101	(30,951)

### 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.

# Charter Township of Waterford

## Notes to Required Supplementary Information

December 31, 2023

### ***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.

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

In 2023, the health care cost trend rate was set to 8.0 percent for 2024, decreasing by 0.5 percent per year down to 4.5 percent in year 2031 and later years. In the January 1, 2022 valuation, the health care cost trend rate was 7.5 percent for 2023, decreasing by 0.5 percent per year down to 4.5 percent for 2029 and later years.

#### **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.

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## Other Supplementary Information

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#### ***Special Revenue Funds***

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

#### ***Community Development Block Grant Fund***

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

#### ***Library Fund***

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

#### ***Library Donations Fund***

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

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

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

#### ***Nature Center Fund***

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

#### ***Cable Commission Fund***

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

#### ***Parks and Recreation Fund***

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

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

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

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

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

#### ***Opioid Settlement Fund***

The Opioid Settlement Fund is used to account for moneys received and spent related to various opioid settlements that the Township is a party to.

#### ***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		
<b>Assets</b>									
Cash and investments	\$ 573,171	\$ 3,498,714	\$ 209,107	\$ 1,448,551	\$ 585,679	\$ 828,372	\$ 2,944,313		
Receivables:									
Property taxes receivable	-	1,180,883	-	-	-	-	-	543,560	
Special assessments receivable	-	-	-	-	-	-	-	-	
Due from other governments	91,635	10,168	-	-	-	-	-	4,680	
Rehabilitation loan receivable	1,090,817	-	-	-	-	-	-	-	
Prepaid items	-	-	-	-	-	-	-	-	
Total assets	<b>\$ 1,755,623</b>	<b>\$ 4,689,765</b>	<b>\$ 209,107</b>	<b>\$ 1,448,551</b>	<b>\$ 585,679</b>	<b>\$ 828,372</b>	<b>\$ 3,492,553</b>		
<b>Liabilities</b>									
Accounts payable	\$ 12,091	\$ 39,143	\$ -	\$ 86,940	\$ -	\$ 486	\$ 47,253		
Refundable deposits, bonds, etc.	-	-	-	-	-	-	11,374		
Accrued liabilities and other	-	19,993	-	-	-	3,049	57,167		
Unearned revenue	-	-	-	-	-	-	-		
Total liabilities	12,091	59,136	-	86,940	-	3,535	115,794		
<b>Deferred Inflows of Resources</b>									
Unavailable revenue	1,090,817	-	-	-	-	-	-		
Property taxes levied for the following year	-	2,806,758	-	-	-	-	-	1,291,951	
Total deferred inflows of resources	<b>1,090,817</b>	<b>2,806,758</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,291,951</b>	
Total liabilities and deferred inflows of resources	1,102,908	2,865,894	-	86,940	-	3,535	1,407,745		
<b>Fund Balances</b>									
Nonspendable - Prepays	-	-	-	-	-	-	-		
Restricted:									
Police	-	-	-	1,361,611	-	-	-		
Community development	452,715	-	-	-	-	-	-		
Library	-	1,823,871	209,107	-	-	-	-		
Nature center	-	-	-	-	585,679	-	-		
Opioid settlement	-	-	-	-	-	-	-		
Michigan indigent defense	-	-	-	-	-	-	-		
Committed:									
Capital projects - Police	-	-	-	-	-	-	-		
Capital projects - General	-	-	-	-	-	-	-		
Capital projects - Fire	-	-	-	-	-	-	-		
Capital projects - Parks and recreation	-	-	-	-	-	-	-		
Assigned:									
Fiscal recovery	-	-	-	-	-	-	-		
Cable-related projects	-	-	-	-	-	824,837	-		
Community development	200,000	-	-	-	-	-	-		
Capital projects - Improvement revolving fund	-	-	-	-	-	-	-		
Parks and recreation	-	-	-	-	-	-	2,084,808		
Total fund balances	<b>652,715</b>	<b>1,823,871</b>	<b>209,107</b>	<b>1,361,611</b>	<b>585,679</b>	<b>824,837</b>	<b>2,084,808</b>		
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 1,755,623</b>	<b>\$ 4,689,765</b>	<b>\$ 209,107</b>	<b>\$ 1,448,551</b>	<b>\$ 585,679</b>	<b>\$ 828,372</b>	<b>\$ 3,492,553</b>		

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

**December 31, 2023**

Michigan Indigent Defense	Special Revenue Funds		Capital Project Funds			Total
	Grant	Opioid Settlement	Improvement Revolving	Capital Project Allocation		
\$ 245,813	\$ 3,743,638	\$ 94,363	\$ 5,840,206	\$ 11,337,598	\$ 31,349,525	
-	-	-	-	-	1,724,443	
-	-	-	4,440	-	4,440	
-	-	-	-	-	106,483	
-	-	-	-	-	1,090,817	
-	-	-	-	537,241	537,241	
<b>\$ 245,813</b>	<b>\$ 3,743,638</b>	<b>\$ 94,363</b>	<b>\$ 5,844,646</b>	<b>\$ 11,874,839</b>	<b>\$ 34,812,949</b>	
\$ 6,055	\$ -	\$ -	\$ 41,600	\$ -	\$ 233,568	
-	-	-	94,987	-	106,361	
-	-	-	131,106	-	211,315	
71,967	3,569,993	-	-	-	3,641,960	
78,022	3,569,993	-	267,693	-	4,193,204	
-	-	-	8,141	-	1,098,958	
-	-	-	-	-	4,098,709	
-	-	-	8,141	-	5,197,667	
78,022	3,569,993	-	275,834	-	9,390,871	
-	-	-	-	537,241	537,241	
-	-	-	-	-	1,361,611	
-	-	-	-	-	452,715	
-	-	-	-	-	2,032,978	
-	-	-	-	-	585,679	
-	-	94,363	-	-	94,363	
167,791	-	-	-	-	167,791	
-	-	-	-	3,021,127	3,021,127	
-	-	-	-	3,460,836	3,460,836	
-	-	-	-	4,505,450	4,505,450	
-	-	-	-	350,185	350,185	
-	173,645	-	-	-	173,645	
-	-	-	-	-	824,837	
-	-	-	-	-	200,000	
-	-	-	5,568,812	-	5,568,812	
-	-	-	-	-	2,084,808	
167,791	173,645	94,363	5,568,812	11,874,839	25,422,078	
<b>\$ 245,813</b>	<b>\$ 3,743,638</b>	<b>\$ 94,363</b>	<b>\$ 5,844,646</b>	<b>\$ 11,874,839</b>	<b>\$ 34,812,949</b>	

## Charter Township of Waterford

Special Revenue Funds								
	Community Development Block Grant	Library	Library Donations	Police Restricted Use	Nature Center	Cable Commission	Parks and Recreation	
<b>Revenue</b>								
Property taxes	\$ -	\$ 2,602,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,198,518
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental:								
Federal grants	497,247	-	-	1,015,646	-	-	-	662,958
State sources	-	82,353	-	3,577	-	-	-	4,835
Charges for services	-	-	-	-	-	222,749	488,684	
Fines and forfeitures	-	112,653	-	-	-	-	-	
Licenses and permits	-	-	-	-	-	-	-	
Investment income	-	49,257	-	21,176	8,806	13,236	37,352	
Other revenue:								
Local contributions	-	11,850	22,763	1,500	-	-	-	-
Other miscellaneous income	-	-	-	33,924	-	-	51,951	
Cable franchise fees	-	-	-	-	-	111,672	-	
Total revenue	497,247	2,858,563	22,763	1,075,823	8,806	347,657	2,444,298	
<b>Expenditures</b>								
Current services:								
General government	-	-	-	-	-	328,222	-	-
Public safety	-	-	-	97,215	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community and economic development	497,101	-	-	-	-	-	-	-
Recreation and culture	-	2,528,554	5,622	-	-	-	1,802,657	
Capital outlay	-	334,710	68,811	483,531	-	27,084	391,679	
Total expenditures	497,101	2,863,264	74,433	580,746	-	355,306	2,194,336	
<b>Excess of Revenue Over (Under) Expenditures</b>	146	(4,701)	(51,670)	495,077	8,806	(7,649)	249,962	
<b>Other Financing Sources (Uses)</b>								
Transfers in	-	198,500	-	-	-	-	322,250	
Transfers out	-	-	-	-	-	-	(20,000)	
Total other financing sources	-	198,500	-	-	-	-	302,250	
<b>Net Change in Fund Balances</b>	146	193,799	(51,670)	495,077	8,806	(7,649)	552,212	
<b>Fund Balances - Beginning of year</b>	652,569	1,630,072	260,777	866,534	576,873	832,486	1,532,596	
<b>Fund Balances - End of year</b>	<b>\$ 652,715</b>	<b>\$ 1,823,871</b>	<b>\$ 209,107</b>	<b>\$ 1,361,611</b>	<b>\$ 585,679</b>	<b>\$ 824,837</b>	<b>\$ 2,084,808</b>	

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

**Year Ended December 31, 2023**

Michigan Indigent Defense	Special Revenue Funds		Capital Project Funds			Total
	Grant	Opioid Settlement	Improvement Revolving	Capital Project Allocation		
\$ -	\$ -	\$ -	\$ 7,864	\$ -	\$ 3,800,968	\$ 3,800,968
187,620	-	-	24,401	-	2,175,851	302,786
-	-	-	-	-	711,433	112,653
-	-	-	48,921	-	48,921	48,921
2,182	119,821	-	90,557	127,970	470,357	
-	-	-	-	-	36,113	
-	-	94,363	26,083	-	206,321	
-	-	-	-	-	111,672	
189,802	119,821	94,363	197,826	127,970	7,984,939	
187,620	-	-	-	-	515,842	
-	-	-	-	-	97,215	
-	-	-	240,994	-	240,994	
-	-	-	-	-	497,101	
-	-	-	-	-	4,336,833	
-	-	-	1,299,149	452,719	3,057,683	
187,620	-	-	1,540,143	452,719	8,745,668	
2,182	119,821	94,363	(1,342,317)	(324,749)	(760,729)	
32,056	-	-	1,597,663	4,354,000	6,504,469	
-	-	-	-	-	(20,000)	
32,056	-	-	1,597,663	4,354,000	6,484,469	
34,238	119,821	94,363	255,346	4,029,251	5,723,740	
133,553	53,824	-	5,313,466	7,845,588	19,698,338	
<b>\$ 167,791</b>	<b>\$ 173,645</b>	<b>\$ 94,363</b>	<b>\$ 5,568,812</b>	<b>\$ 11,874,839</b>	<b>\$ 25,422,078</b>	

## Charter Township of Waterford

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

Year Ended December 31, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue - Intergovernmental</b>	\$ -	\$ 466,150	\$ 497,247	\$ 31,097
<b>Expenditures - Current services - Community and economic development</b>		- 466,150	497,101	(30,951)
<b>Net Change in Fund Balance</b>		-	146	146
<b>Fund Balance - Beginning of year</b>	652,569	652,569	652,569	-
<b>Fund Balance - End of year</b>	<b>\$ 652,569</b>	<b>\$ 652,569</b>	<b>\$ 652,715</b>	<b>\$ 146</b>

## Charter Township of Waterford

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

**Year Ended December 31, 2023**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 2,578,883	\$ 2,578,883	\$ 2,602,450	\$ 23,567
Intergovernmental	77,650	77,650	82,353	4,703
Fines and forfeitures	122,600	122,600	112,653	(9,947)
Investment income	17,733	43,877	49,257	5,380
Other revenue	1,605	1,605	11,850	10,245
 Total revenue	 2,798,471	 2,824,615	 2,858,563	 33,948
<b>Expenditures</b>				
Current services - Recreation and culture -				
Library	2,495,379	2,601,533	2,528,554	72,979
Capital outlay	334,000	400,870	334,710	66,160
 Total expenditures	 2,829,379	 3,002,403	 2,863,264	 139,139
<b>Excess of Expenditures Over Revenue</b>	 (30,908)	 (177,788)	 (4,701)	 173,087
<b>Other Financing Sources - Transfers in</b>	 -	 198,500	 198,500	 -
<b>Net Change in Fund Balance</b>	 (30,908)	 20,712	 193,799	 173,087
<b>Fund Balance - Beginning of year</b>	 1,630,072	 1,630,072	 1,630,072	 -
<b>Fund Balance - End of year</b>	 <b>\$ 1,599,164</b>	 <b>\$ 1,650,784</b>	 <b>\$ 1,823,871</b>	 <b>\$ 173,087</b>

## Charter Township of Waterford

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

**Year Ended December 31, 2023**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b> - Other revenue - Local donations	\$ 254,116	\$ 254,116	\$ 22,763	\$ (231,353)
<b>Expenditures</b>				
Current services - Recreation and culture -				
Library	7,500	10,800	5,622	5,178
Capital outlay	<u>105,567</u>	<u>164,448</u>	<u>68,811</u>	<u>95,637</u>
Total expenditures	<u>113,067</u>	<u>175,248</u>	<u>74,433</u>	<u>100,815</u>
<b>Net Change in Fund Balance</b>	141,049	78,868	(51,670)	(130,538)
<b>Fund Balance</b> - Beginning of year	<u>260,777</u>	<u>260,777</u>	<u>260,777</u>	-
<b>Fund Balance</b> - End of year	<u><b>\$ 401,826</b></u>	<u><b>\$ 339,645</b></u>	<u><b>\$ 209,107</b></u>	<u><b>\$ (130,538)</b></u>

## Charter Township of Waterford

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

**Year Ended December 31, 2023**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 1,019,223	\$ 984,223
Investment income	7,525	7,525	21,176	13,651
Other revenue	<u>23,000</u>	<u>23,000</u>	<u>35,424</u>	<u>12,424</u>
Total revenue	65,525	65,525	1,075,823	1,010,298
<b>Expenditures</b>				
Current services - Public safety	206,590	231,590	97,215	134,375
Capital outlay	<u>55,112</u>	<u>548,563</u>	<u>483,531</u>	<u>65,032</u>
Total expenditures	<u>261,702</u>	<u>780,153</u>	<u>580,746</u>	<u>199,407</u>
<b>Net Change in Fund Balance</b>				
Fund Balance - Beginning of year	(196,177)	(714,628)	495,077	1,209,705
Fund Balance - End of year	<u>866,534</u>	<u>866,534</u>	<u>866,534</u>	<u>-</u>
	<b><u>\$ 670,357</u></b>	<b><u>\$ 151,906</u></b>	<b><u>\$ 1,361,611</u></b>	<b><u>\$ 1,209,705</u></b>

## Charter Township of Waterford

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

**Year Ended December 31, 2023**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue - Investment income</b>	\$ 3,616	\$ 3,616	\$ 8,806	\$ 5,190
<b>Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	3,616	3,616	8,806	5,190
<b>Fund Balance - Beginning of year</b>	<u>576,873</u>	<u>576,873</u>	<u>576,873</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<b><u>\$ 580,489</u></b>	<b><u>\$ 580,489</u></b>	<b><u>\$ 585,679</u></b>	<b><u>\$ 5,190</u></b>

## Charter Township of Waterford

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

**Year Ended December 31, 2023**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Charges for services	\$ 227,292	\$ 227,292	\$ 222,749	\$ (4,543)
Investment income	5,439	5,439	13,236	7,797
Other revenue	<u>110,604</u>	<u>110,604</u>	<u>111,672</u>	<u>1,068</u>
Total revenue	343,335	343,335	347,657	4,322
<b>Expenditures</b>				
Current services - General government	363,485	352,614	328,222	24,392
Capital outlay	<u>32,650</u>	<u>56,594</u>	<u>27,084</u>	<u>29,510</u>
Total expenditures	<u>396,135</u>	<u>409,208</u>	<u>355,306</u>	<u>53,902</u>
<b>Net Change in Fund Balance</b>	<b>(52,800)</b>	<b>(65,873)</b>	<b>(7,649)</b>	<b>58,224</b>
<b>Fund Balance - Beginning of year</b>	<b>832,486</b>	<b>832,486</b>	<b>832,486</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b><u>\$ 779,686</u></b>	<b><u>\$ 766,613</u></b>	<b><u>\$ 824,837</u></b>	<b><u>\$ 58,224</u></b>

## Charter Township of Waterford

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

**Year Ended December 31, 2023**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 1,191,989	\$ 1,191,989	\$ 1,198,518	\$ 6,529
Intergovernmental	29,675	210,785	667,793	457,008
Charges for services	484,850	484,850	488,684	3,834
Investment income	11,730	32,177	37,352	5,175
Other revenue	20,270	20,270	51,951	31,681
 Total revenue	 1,738,514	 1,940,071	 2,444,298	 504,227
<b>Expenditures</b>				
Current services - Recreation and culture	2,031,573	1,968,367	1,802,657	165,710
Capital outlay	118,500	420,152	391,679	28,473
 Total expenditures	 2,150,073	 2,388,519	 2,194,336	 194,183
<b>Excess of Revenue (Under) Over Expenditures</b>	 (411,559)	 (448,448)	 249,962	 698,410
<b>Other Financing Sources (Uses)</b>				
Transfers in	250,000	322,500	322,250	(250)
Transfers out	(20,000)	(20,000)	(20,000)	-
Sale of capital assets	300	300	-	(300)
 Total other financing sources	 230,300	 302,800	 302,250	 (550)
<b>Net Change in Fund Balance</b>	 (181,259)	 (145,648)	 552,212	 697,860
<b>Fund Balance - Beginning of year</b>	 1,532,596	 1,532,596	 1,532,596	 -
<b>Fund Balance - End of year</b>	 <b>\$ 1,351,337</b>	 <b>\$ 1,386,948</b>	 <b>\$ 2,084,808</b>	 <b>\$ 697,860</b>

## Charter Township of Waterford

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

**Year Ended December 31, 2023**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Intergovernmental Investment income	\$ 240,995 750	\$ 240,995 750	\$ 187,620 2,182	\$ (53,375) 1,432
Total revenue	241,745	241,745	189,802	(51,943)
<b>Expenditures - Current services - General government</b>	<u>273,052</u>	<u>273,052</u>	<u>187,620</u>	<u>85,432</u>
<b>Excess of Revenue (Under) Over Expenditures</b>	(31,307)	(31,307)	2,182	33,489
<b>Other Financing Sources - Transfers in</b>	<u>32,057</u>	<u>32,057</u>	<u>32,056</u>	<u>(1)</u>
<b>Net Change in Fund Balance</b>	750	750	34,238	33,488
<b>Fund Balance - Beginning of year</b>	<u>133,553</u>	<u>133,553</u>	<u>133,553</u>	-
<b>Fund Balance - End of year</b>	<u><u>\$ 134,303</u></u>	<u><u>\$ 134,303</u></u>	<u><u>\$ 167,791</u></u>	<u><u>\$ 33,488</u></u>

## Charter Township of Waterford

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

**Year Ended December 31, 2023**

	<u>Original Budget (Unaudited)</u>	<u>Amended Budget (Unaudited)</u>	<u>Actual</u>	<u>Variance with Amended Budget (Unaudited)</u>
<b>Revenue</b>				
Intergovernmental	\$ 4,640,006	\$ 4,640,006	\$ -	\$ (4,640,006)
Investment income	- 104,165	104,165	119,821	15,656
Total revenue	4,640,006	4,744,171	119,821	(4,624,350)
<b>Expenditures - Current services - General government</b>	7,850,006	7,919,898	- 119,821	7,919,898
<b>Net Change in Fund Balance</b>	(3,210,000)	(3,175,727)	119,821	3,295,548
<b>Fund Balance - Beginning of year</b>	53,824	53,824	53,824	-
<b>Fund Balance (Deficit) - End of year</b>	<u><b>\$ (3,156,176)</b></u>	<u><b>\$ (3,121,903)</b></u>	<u><b>\$ 173,645</b></u>	<u><b>\$ 3,295,548</b></u>

## Charter Township of Waterford

### Other Supplementary Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Opioid Settlement

**Year Ended December 31, 2023**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>	\$ -	\$ -	\$ 94,363	\$ 94,363
<b>Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>94,363</u>	<u>94,363</u>
<b>Fund Balance - Beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 94,363</u></b>	<b><u>\$ 94,363</u></b>

## Charter Township of Waterford

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

**Year Ended December 31, 2023**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Special assessments	\$ 5,000	\$ 5,000	\$ 7,864	\$ 2,864
Intergovernmental	67,500	183,500	24,401	(159,099)
Licenses and permits	42,500	42,500	48,921	6,421
Investment income	27,398	75,378	90,557	15,179
Other revenue	10,000	10,000	26,083	16,083
<b>Total revenue</b>	<b>152,398</b>	<b>316,378</b>	<b>197,826</b>	<b>(118,552)</b>
<b>Expenditures</b>				
Current services - General government	204,500	436,779	240,994	195,785
Capital outlay	1,580,905	1,808,251	1,299,149	509,102
<b>Total expenditures</b>	<b>1,785,405</b>	<b>2,245,030</b>	<b>1,540,143</b>	<b>704,887</b>
<b>Excess of Expenditures Over Revenue</b>	<b>(1,633,007)</b>	<b>(1,928,652)</b>	<b>(1,342,317)</b>	<b>586,335</b>
<b>Other Financing Sources - Transfers in</b>	<b>997,663</b>	<b>1,597,663</b>	<b>1,597,663</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(635,344)</b>	<b>(330,989)</b>	<b>255,346</b>	<b>586,335</b>
<b>Fund Balance - Beginning of year</b>	<b>5,313,466</b>	<b>5,313,466</b>	<b>5,313,466</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 4,678,122</b>	<b>\$ 4,982,477</b>	<b>\$ 5,568,812</b>	<b>\$ 586,335</b>

## Charter Township of Waterford

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

**Year Ended December 31, 2023**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue - Investment income</b>	\$ 9,299	\$ 9,299	\$ 127,970	\$ 118,671
<b>Expenditures - Capital outlay</b>	<u>1,376,000</u>	<u>1,376,000</u>	<u>452,719</u>	<u>923,281</u>
<b>Excess of Expenditures Over Revenue</b>	(1,366,701)	(1,366,701)	(324,749)	1,041,952
<b>Other Financing Sources - Transfers in</b>	<u>445,001</u>	<u>4,354,001</u>	<u>4,354,000</u>	<u>(1)</u>
<b>Net Change in Fund Balance</b>	(921,700)	2,987,300	4,029,251	1,041,951
<b>Fund Balance - Beginning of year</b>	<u>7,845,588</u>	<u>7,845,588</u>	<u>7,845,588</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<b><u>\$ 6,923,888</u></b>	<b><u>\$ 10,832,888</u></b>	<b><u>\$ 11,874,839</u></b>	<b><u>\$ 1,041,951</u></b>

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

#### ***Custodial Funds***

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

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

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

## Charter Township of Waterford

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

December 31, 2023

	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
<b>Assets</b>									
Cash and cash equivalents	\$ 54,969	\$ 13,356	\$ 9,352,370	\$ 9,420,695	\$ 6,501,525	\$ 79,414	\$ 615,100	\$ 7,196,039	
Investments:									
Fixed-income funds	-	15,836,957	6,792,871	22,629,828	-	-	-	-	-
Publicly traded partnerships	28,084,817	4,108,651	1,715,438	33,908,906	-	-	-	-	-
Stocks	35,428,983	38,877,788	34,308,540	108,615,311	-	-	-	-	-
Mutual funds	34,863,181	8,464,281	-	43,327,462	-	-	-	-	-
Real estate investment funds	4,076,310	2,681,271	-	6,757,581	-	-	-	-	-
Pension manager short-term funds	5,563,019	1,782,536	-	7,345,555	-	-	-	-	-
Securities lending short-term collateral bank investment pool -									
Mutual funds	-	1,603,517	-	1,603,517	-	-	-	-	-
Receivables:									
Property taxes receivable	-	-	-	-	4,337,607	-	-	-	4,337,607
Special assessments receivable	-	-	-	-	-	-	-	114,832	114,832
Accrued interest receivable	-	-	144,504	144,504	-	-	-	-	-
Prepaid items	658,233	389,799	-	1,048,032	-	-	-	-	-
Total assets	108,729,512	73,758,156	52,313,723	234,801,391	10,839,132	79,414	729,932	11,648,478	
<b>Liabilities</b>									
Accounts payable	-	-	-	-	-	-	6,243	6,243	
Due to other governmental units	-	-	-	-	6,417,600	-	-	-	6,417,600
Accrued liabilities and other	-	-	-	-	83,925	79,414	-	-	163,339
Obligations under securities lending agreements	-	1,603,517	-	1,603,517	-	-	-	-	-
Total liabilities	-	1,603,517	-	1,603,517	6,501,525	79,414	6,243	6,587,182	
<b>Deferred Inflows of Resources</b> - Property taxes and special assessments levied for the following year									
-	-	-	-	-	4,337,607	-	271,143	4,608,750	
Total liabilities and deferred inflows of resources	-	1,603,517	-	1,603,517	10,839,132	79,414	277,386	11,195,932	
<b>Net Position</b>									
Restricted:									
Pension	108,729,512	72,154,639	-	180,884,151	-	-	-	-	-
Postemployment benefits other than pension	-	-	52,313,723	52,313,723	-	-	-	-	-
Individuals, organizations, and other governments	-	-	-	-	-	-	452,546	452,546	
Total net position	\$ 108,729,512	\$ 72,154,639	\$ 52,313,723	\$ 233,197,874	\$ -	\$ -	\$ 452,546	\$ 452,546	

## Charter Township of Waterford

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

Year Ended December 31, 2023

	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	
<b>Additions</b>									
Investment income:									
Interest and dividends	\$ 2,071,842	\$ 1,252,623	\$ 2,611,060	\$ 5,935,525	\$ -	\$ -	\$ -	\$ -	
Net increase in fair value of investments	10,358,215	10,372,210	3,898,168	24,628,593	-	-	-	-	
Investment costs	(426,938)	(327,039)	(201,200)	(955,177)	-	-	-	-	
Net investment income	12,003,119	11,297,794	6,308,028	29,608,941	-	-	-	-	
Contributions:									
Employer contributions	2,317,855	657,020	14,349,650	17,324,525	-	-	-	-	
Employee contributions	244,303	3,605	31,328	279,236	-	-	-	-	
Total contributions	2,562,158	660,625	14,380,978	17,603,761	-	-	-	-	
Property tax collections for other governments	-	-	-	-	75,898,312	-	-	75,898,312	
Special assessments	-	-	-	-	-	-	282,164	282,164	
District court receipts	-	-	-	-	-	697,168	-	697,168	
Total additions	14,565,277	11,958,419	20,689,006	47,212,702	75,898,312	697,168	282,164	76,877,644	
<b>Deductions</b>									
Benefit payments	8,705,779	4,506,335	7,830,821	21,042,935	-	-	-	-	
Administrative expenses	61,417	71,132	23,270	155,819	-	-	-	-	
Tax distributions to other governments	-	-	-	-	75,898,312	-	-	75,898,312	
Weed control	-	-	-	-	-	-	293,715	293,715	
District court disbursements	-	-	-	-	-	697,168	-	697,168	
Total deductions	8,767,196	4,577,467	7,854,091	21,198,754	75,898,312	697,168	293,715	76,889,195	
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	<b>5,798,081</b>	<b>7,380,952</b>	<b>12,834,915</b>	<b>26,013,948</b>	<b>-</b>	<b>-</b>	<b>(11,551)</b>	<b>(11,551)</b>	
<b>Net Position - Beginning of year</b>	<b>102,931,431</b>	<b>64,773,687</b>	<b>39,478,808</b>	<b>207,183,926</b>	<b>-</b>	<b>-</b>	<b>464,097</b>	<b>464,097</b>	
<b>Net Position - End of year</b>	<b>\$ 108,729,512</b>	<b>\$ 72,154,639</b>	<b>\$ 52,313,723</b>	<b>\$ 233,197,874</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 452,546</b>	<b>\$ 452,546</b>	

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## Statistical Section

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

### **1. Financial Trend Information**

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

### **2. Revenue Capacity Information**

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

### **3. Debt Capacity Information**

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

### **4. Demographic and Economic Information**

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

### **5. Operating Information**

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

## Charter Township of Waterford

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	As of December 31,			
	2014	2015 *	2016	2017
<b>Governmental Activities:</b>				
Net investment in capital assets	\$ 46,799,756	\$ 47,424,323	\$ 47,755,197	\$ 49,917,271
Restricted	5,299,562	5,512,742	5,573,050	5,006,923
Unrestricted	<u>(14,614,667)</u>	<u>(35,750,457)</u>	<u>(40,613,351)</u>	<u>(43,621,655)</u>
Total net position	<b><u>\$ 39,183,867</u></b>	<b><u>\$ 37,484,651</u></b>	<b><u>\$ 17,186,608</u></b>	<b><u>\$ 12,714,896</u></b>
<b>Business-type Activities:</b>				
Net investment in capital assets	\$ 76,598,026	\$ 75,365,037	\$ 76,149,383	\$ 77,300,259
Restricted	813,588	2,998,522	1,098,158	2,342,415
Unrestricted	<u>14,544,118</u>	<u>13,754,631</u>	<u>15,948,494</u>	<u>15,485,980</u>
Total net position	<b><u>\$ 91,821,393</u></b>	<b><u>\$ 91,955,732</u></b>	<b><u>\$ 92,118,190</u></b>	<b><u>\$ 93,196,035</u></b>
<b>Primary Government in Total:</b>				
Net investment in capital assets	\$ 123,397,782	\$ 122,789,360	\$ 123,904,580	\$ 127,217,530
Restricted	6,113,150	8,511,264	6,671,208	7,349,338
Unrestricted	<u>(70,549)</u>	<u>(21,995,826)</u>	<u>(24,664,857)</u>	<u>(28,135,675)</u>
Total net position	<b><u>\$ 129,440,383</u></b>	<b><u>\$ 109,304,798</u></b>	<b><u>\$ 105,910,931</u></b>	<b><u>\$ 106,431,193</u></b>

Source: Township's annual financial statements

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

\*\* 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,						
2018 **	2019	2020	2021	2022	2023	
\$ 51,276,047	\$ 50,863,258	\$ 51,139,451	\$ 52,629,567	\$ 53,667,473	\$ 54,872,997	
5,027,552	4,947,475	4,779,142	4,668,478	5,202,192	6,810,763	
(132,654,683)	(122,242,179)	(106,615,527)	(82,653,824)	(39,788,292)	(17,017,269)	
<b>\$ 11,302,539</b>	<b>\$ (76,351,084)</b>	<b>\$ (66,431,446)</b>	<b>\$ (50,696,934)</b>	<b>\$ 19,081,373</b>	<b>\$ 44,666,491</b>	
\$ 78,449,817	\$ 78,011,843	\$ 73,861,071	\$ 79,466,052	\$ 80,075,882	\$ 81,093,262	
1,572,136	786,958	6,253,705	386,799	312,153	2,324,205	
3,544,020	4,891,823	9,580,664	13,437,291	21,977,727	23,714,722	
<b>\$ 95,128,654</b>	<b>\$ 83,565,973</b>	<b>\$ 83,690,624</b>	<b>\$ 89,695,440</b>	<b>\$ 102,365,762</b>	<b>\$ 107,132,189</b>	
\$ 129,725,864	\$ 128,875,101	\$ 125,000,522	\$ 132,095,619	\$ 133,743,355	\$ 135,966,259	
6,599,688	5,734,433	11,032,847	5,055,277	5,514,345	9,134,968	
(129,110,663)	(117,350,356)	(97,034,863)	(69,216,533)	(17,810,565)	(6,697,453)	
<b>\$ 7,214,889</b>	<b>\$ 17,259,178</b>	<b>\$ 38,998,506</b>	<b>\$ 67,934,363</b>	<b>\$ 121,447,135</b>	<b>\$ 151,798,680</b>	

## Charter Township of Waterford

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	As of December 31,			
	2014	2015	2016	2017
<b>Expenses:</b>				
General government	\$ 7,371,411	\$ 8,468,129	\$ 10,008,883	\$ 9,566,130
District Court	2,382,795	2,023,796	2,060,646	1,950,465
Police and fire	32,860,164	33,814,996	32,607,963	31,148,383
Building inspection	1,091,307	1,137,157	1,128,343	1,299,693
Public works activities	378,338	341,865	447,811	644,788
Community & economic development	1,407,689	1,365,836	1,436,840	1,237,013
Recreation and culture	4,172,091	4,106,423	4,235,473	4,457,445
Interest on long-term debt	194,547	170,170	144,707	142,935
<b>Total expenses</b>	<b>49,858,342</b>	<b>51,428,372</b>	<b>52,070,666</b>	<b>50,446,852</b>
<b>Program revenues:</b>				
Charges for services				
General government	2,642,128	1,832,510	1,952,187	737,664
District Court	1,282,052	1,037,257	1,072,440	1,089,797
Police and fire	8,567,130	8,366,943	8,486,146	9,074,822
Building inspection	636,514	594,148	667,341	703,837
Community & economic development	131,987	131,393	119,145	372,302
Recreation and culture	1,311,791	1,368,111	1,345,423	1,127,118
Other activities	592,061	544,191	534,973	55,708
<b>Total charges for services</b>	<b>15,163,663</b>	<b>13,874,553</b>	<b>14,177,655</b>	<b>13,161,248</b>
Operating grants and contributions	4,515,109	4,841,171	2,652,932	4,241,920
Capital grants and contributions	117,289	38	32,731	5,000
<b>Total program revenue</b>	<b>19,796,061</b>	<b>18,715,762</b>	<b>16,863,318</b>	<b>17,408,168</b>
<b>Excess of Expenses Over Program Revenue</b>	<b>(30,062,281)</b>	<b>(32,712,610)</b>	<b>(35,207,348)</b>	<b>(33,038,684)</b>
<b>General revenues:</b>				
Property taxes	21,006,495	22,021,348	22,553,997	22,825,673
State-shared revenues	5,784,757	5,764,563	5,913,916	6,403,176
Unrestricted investment earnings/(loss)	237,100	176,563	194,776	262,207
Franchise fees	1,193,645	1,250,899	1,243,092	1,210,578
Miscellaneous	141,068	491,375	829,855	924,693
<b>Total general revenues</b>	<b>28,363,065</b>	<b>29,704,748</b>	<b>30,735,636</b>	<b>31,626,327</b>
<b>Change in net position</b>	<b>\$ (1,699,216)</b>	<b>\$ (3,007,862)</b>	<b>\$ (4,471,712)</b>	<b>\$ (1,412,357)</b>

Source: Township's annual financial statements

## Changes in Governmental Net Position

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

As of December 31,						
	2018	2019	2020	2021	2022	2023
\$	5,361,318	\$ 2,692,313	\$ 2,654,531	\$ (1,922,889)	\$ (6,821,859)	\$ 690,844
2,772,032	2,570,218	2,230,009	2,022,200	626,694	2,450,951	
38,386,451	33,854,132	28,832,069	24,350,585	14,142,198	30,532,105	
1,273,845	1,252,993	1,181,691	1,366,187	1,550,658	1,538,685	
818,722	670,260	671,591	835,880	815,804	1,013,886	
1,763,727	1,817,024	1,704,205	1,692,262	1,791,348	1,851,045	
5,146,552	3,718,735	3,467,112	3,161,179	3,223,617	4,284,571	
82,835	17,504	10,947	6,132	-	-	
<b>55,605,482</b>	<b>46,593,179</b>	<b>40,752,155</b>	<b>31,511,536</b>	<b>15,328,460</b>	<b>42,362,087</b>	
754,514	794,252	796,647	928,228	849,906	920,117	
1,114,223	1,041,707	785,457	922,189	925,456	1,000,594	
9,436,126	9,908,858	9,833,873	10,554,004	11,242,376	11,728,079	
1,142,404	877,047	592,755	801,177	891,282	1,400,857	
367,586	374,292	325,042	412,847	425,285	484,012	
1,145,407	1,177,979	275,601	493,291	554,156	601,337	
54,745	42,422	85,405	108,158	126,964	144,209	
<b>14,015,005</b>	<b>14,216,557</b>	<b>12,694,780</b>	<b>14,219,894</b>	<b>15,015,425</b>	<b>16,279,205</b>	
4,678,239	3,919,115	5,345,093	1,853,478	2,596,509	6,908,054	
10,940	14,501	100	-	3,604	-	
<b>18,704,184</b>	<b>18,150,173</b>	<b>18,039,973</b>	<b>16,073,372</b>	<b>17,615,538</b>	<b>23,187,259</b>	
(36,901,298)	(28,443,006)	(22,712,182)	(15,438,164)	2,287,078	(19,174,828)	
23,246,943	28,639,060	29,685,147	30,940,036	31,598,326	33,489,976	
6,603,644	6,852,470	6,796,110	7,896,046	8,325,179	8,184,277	
422,183	722,751	636,814	344,527	395,000	1,249,495	
1,141,743	1,131,587	1,099,017	1,103,363	1,065,646	1,015,197	
633,459	1,016,776	560,053	495,347	765,923	821,001	
<b>32,047,972</b>	<b>38,362,644</b>	<b>38,777,141</b>	<b>40,779,319</b>	<b>42,150,074</b>	<b>44,759,946</b>	
<b>\$ (4,853,326)</b>	<b>\$ 9,919,638</b>	<b>\$ 16,064,959</b>	<b>\$ 25,341,155</b>	<b>\$ 44,437,152</b>	<b>\$ 25,585,118</b>	

## Charter Township of Waterford

	As of December 31,			
	2014	2015	2016	2017
<b>Operating Revenue</b>				
Water usage billings	\$ 4,916,805	\$ 5,767,266	\$ 6,012,824	\$ 5,793,618
Sewage disposal charges	15,211,866	15,606,349	16,506,995	16,673,937
Other sales to customers	24,770	32,237	24,730	39,044
Charges for services	288,726	262,479	466,141	500,839
Operating grants	10,536	-	-	-
Total operating revenue	20,452,703	21,668,331	23,010,690	23,007,438
<b>Operating Expenses</b>				
Cost of water	1,658,724	1,600,899	1,690,175	1,721,613
Cost of sewage disposal	9,005,056	9,259,783	9,166,971	9,677,724
Operation and maintenance costs	730,739	727,738	799,509	896,008
Billing and administrative costs	5,525,326	5,677,345	5,847,148	5,057,079
Depreciation	3,586,054	4,022,724	4,138,057	5,062,949
Total operating expenses	20,505,899	21,288,489	21,641,860	22,415,373
<b>Operating (Loss) Income</b>	(53,196)	379,842	1,368,830	592,065
<b>Nonoperating Revenue (Expenses)</b>				
Gain (loss) on sale of assets	11,960	-	(95,143)	101,451
Operating grants	-	-	-	469,295
Investment income	135,605	114,119	107,899	146,368
Interest expense	(379,690)	(576,350)	(522,830)	(508,114)
Total nonoperating revenue (expense)	(232,125)	(462,231)	(510,074)	209,000
<b>Income (Loss) - Before contributions</b>	(285,321)	(82,389)	858,756	801,065
<b>Capital Contributions</b>	419,660	750,175	219,089	1,131,554
<b>Change in Net Position</b>	134,339	667,786	1,077,845	1,932,619
<b>Change in Primary Government Net Position</b>				
Change in governmental net position	(1,699,216)	(3,007,862)	(4,471,712)	(1,412,357)
Change in business-type net position	134,339	667,786	1,077,845	1,932,619
Total change in primary government net position	<u>\$ (1,564,877)</u>	<u>\$ (2,340,076)</u>	<u>\$ (3,393,867)</u>	<u>\$ 520,262</u>

Source: Township's annual financial statements

## Changes in Business-type Net Position

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

As of December 31,								
2018		2019		2020		2021	2022	2023
\$ 5,818,649	\$ 6,134,309	\$ 6,895,847	\$ 6,710,974	\$ 7,588,021	\$ 7,354,164			
17,205,120	17,541,306	17,950,840	17,413,909	18,548,595	18,498,493			
42,682	33,771	32,627	36,825	37,405	79,464			
434,160	385,026	394,422	437,165	1,120,830	336,666			
348,335	124,560	-	-	-	-			
<b>23,848,946</b>	<b>24,218,972</b>	<b>25,273,736</b>	<b>24,598,873</b>	<b>27,294,851</b>	<b>26,268,787</b>			
 1,710,431	 1,727,482	 1,806,859	 1,970,478	 2,168,235	 2,355,836			
9,980,975	10,192,062	9,820,447	9,593,868	9,846,848	10,078,102			
1,041,300	2,328,329	751,566	1,011,956	1,573,324	2,052,228			
4,795,245	4,458,218	1,929,440	2,409,702	(1,039,638)	3,109,725			
5,286,323	5,514,070	5,642,313	5,840,697	5,924,879	6,019,092			
<b>22,814,274</b>	<b>24,220,161</b>	<b>19,950,625</b>	<b>20,826,701</b>	<b>18,473,648</b>	<b>23,614,983</b>			
 1,034,672	 (1,189)	 5,323,111	 3,772,172	 8,821,203	 2,653,804			
 12,012	 53,598	 8,593	 -	 -	 24,994			
 314,230	 307,450	 520,139	 (141,600)	 172,776	 739,880			
 (725,060)	 (728,440)	 (721,910)	 (741,313)	 (662,655)	 (612,186)			
 (398,818)	 (367,392)	 (193,178)	 (882,913)	 (489,879)	 152,688			
 635,854	 (368,581)	 5,129,933	 2,889,259	 8,331,324	 2,806,492			
 902,428	 493,232	 874,883	 705,443	 744,296	 1,959,935			
 1,538,282	 124,651	 6,004,816	 3,594,702	 9,075,620	 4,766,427			
 (4,853,326)	 9,919,638	 16,064,959	 25,341,155	 44,437,152	 25,585,118			
 1,538,282	 124,651	 6,004,816	 3,594,702	 9,075,620	 4,766,427			
 <b>\$ (3,315,044)</b>	 <b>\$ 10,044,289</b>	 <b>\$ 22,069,775</b>	 <b>\$ 28,935,857</b>	 <b>\$ 53,512,772</b>	 <b>\$ 30,351,545</b>			

## Charter Township of Waterford

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	As of December 31,			
	2014	2015	2016	2017
<b>General Fund:</b>				
Nonspendable	\$ 102,118	\$ 176,681	\$ 96,798	\$ 192,148
Committed	1,820,048	2,125,140	2,551,284	2,745,602
Assigned	-	-	64,373	534,566
Unassigned	4,412,750	5,804,705	7,254,216	6,154,494
Total general fund	<u>6,334,916</u>	<u>8,106,526</u>	<u>9,966,671</u>	<u>9,626,810</u>
<b>All other governmental funds:</b>				
Nonspendable	7	271,341	2,668	276,216
Restricted	3,870,972	4,029,098	4,018,863	3,812,681
Committed	-	145,000	441,499	591,235
Assigned	6,890,698	7,820,864	9,348,667	10,165,176
Total General Fund and all other governmental funds	<u><b>\$ 17,096,593</b></u>	<u><b>\$ 20,372,829</b></u>	<u><b>\$ 23,778,368</b></u>	<u><b>\$ 24,472,118</b></u>

Source: Township's annual financial statements

## Fund Balances - Governmental Funds

**Last Ten Fiscal Years  
(Unaudited)**

As of December 31,						
2018	2019	2020	2021	2022	2023	
\$ 68,596	\$ 87,676	\$ 6,409	\$ 191,834	\$ 168,774	\$ 135,765	
3,070,045	3,549,529	4,375,238	5,557,955	5,713,569	5,872,230	
<u>7,607,096</u>	<u>8,532,520</u>	<u>10,891,425</u>	<u>11,867,889</u>	<u>12,653,726</u>	<u>17,139,912</u>	
<u>10,745,737</u>	<u>12,169,725</u>	<u>15,273,072</u>	<u>17,617,678</u>	<u>18,536,069</u>	<u>23,147,907</u>	
 3	 997,588	 1,014,422	 524,524	 552,991	 537,241	
3,901,915	3,816,298	3,603,925	3,097,049	4,001,601	4,831,238	
1,054,391	3,246,590	4,746,898	6,131,864	7,308,347	11,337,598	
<u>11,232,977</u>	<u>13,578,378</u>	<u>13,942,511</u>	<u>14,929,924</u>	<u>16,540,653</u>	<u>18,251,281</u>	
 <b>\$ 26,935,023</b>	 <b>\$ 33,808,579</b>	 <b>\$ 38,580,828</b>	 <b>\$ 42,301,039</b>	 <b>\$ 46,939,661</b>	 <b>\$ 58,105,265</b>	

## Charter Township of Waterford

	As of December 31,			
	2014	2015	2016	2017
<b>Revenue</b>				
Property taxes	\$ 20,932,159	\$ 22,039,689	\$ 22,528,159	\$ 22,828,163
Intergovernmental revenue	10,670,673	9,711,390	8,685,835	10,706,072
Licenses and permits	657,977	612,176	696,992	723,426
Fines and forfeitures	1,544,005	1,507,749	1,501,791	1,576,247
Charges for services	10,636,717	10,749,411	10,847,802	11,226,029
Special assessments	830,284	855,076	837,264	328,236
Interest and miscellaneous	2,720,465	2,907,439	3,052,781	3,578,267
Total revenue	47,992,280	48,382,930	48,150,624	50,966,440
<b>Expenditures</b>				
Current:				
General government and district court	7,349,954	7,185,480	7,796,775	9,019,979
Public safety	29,953,841	29,746,712	29,410,301	32,110,975
Community and economic development	1,358,975	1,300,250	1,357,980	1,273,026
Recreation and culture	3,426,284	3,593,989	3,618,730	3,798,000
Miscellaneous	68,175	-	-	53,953
Capital outlay	1,148,223	1,893,200	1,372,641	2,601,873
Debt administration:				
Principal	1,175,000	1,232,932	1,344,032	1,404,429
Interest	199,527	164,731	127,970	149,663
Total expenditures	44,679,979	45,117,294	45,028,429	50,411,898
<b>Excess of Revenue Over (Under) Expenditures</b>	3,312,301	3,265,636	3,122,195	554,542
<b>Other Financing Sources (Uses)</b>				
Face value of debt issue	-	-	276,699	-
Proceeds from sale of capital assets	-	10,600	6,645	139,208
Transfers in	7,345,000	8,267,500	9,007,500	10,067,500
Transfers out	(7,345,000)	(8,267,500)	(9,007,500)	(10,067,500)
Total other financing sources (uses)	-	10,600	283,344	139,208
<b>Net change in fund balances</b>	3,312,301	3,276,236	3,405,539	693,750
<b>Fund Balances - Beginning of year</b>	<u>13,784,292</u>	<u>17,096,593</u>	<u>20,372,829</u>	<u>23,778,368</u>
<b>Fund Balances - End of year</b>	<b>\$ 17,096,593</b>	<b>\$ 20,372,829</b>	<b>\$ 23,778,368</b>	<b>\$ 24,472,118</b>
Debt service as a percentage of noncapital expenditures	3.16%	3.23%	3.37%	3.25%

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,

	2018	2019	2020	2021	2022	2023
\$	23,242,014	\$ 28,647,354	\$ 29,676,669	\$ 30,948,924	\$ 31,569,832	\$ 33,501,404
11,033,711	10,464,386	11,379,894	9,507,515	10,343,745	14,943,243	
1,226,493	972,933	664,630	901,237	992,605	1,538,600	
1,576,665	1,539,971	1,144,655	1,490,579	1,398,246	1,542,805	
11,490,680	11,858,005	11,255,309	12,381,995	13,062,468	13,736,090	
322,266	324,748	17,157	16,146	15,845	7,864	
3,210,417	4,035,063	3,528,812	3,268,441	3,871,211	4,236,196	
<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>	<u>69,506,202</u>	
7,898,940	8,659,899	9,274,752	9,120,624	10,898,626	10,895,253	
32,779,431	34,114,138	35,164,379	35,560,835	35,998,364	36,679,684	
1,475,980	1,798,749	1,972,888	2,299,651	2,110,788	2,112,419	
3,793,252	4,222,055	3,491,142	3,740,494	3,864,456	4,336,833	
179,578	98,693	116,028	32,882	127,453	240,994	
1,732,409	2,178,085	2,446,302	3,786,632	3,627,478	4,089,168	
1,710,008	119,162	123,654	265,457	-	-	
83,210	13,272	10,106	7,254	-	-	
<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>	<u>58,354,351</u>	
2,449,438	6,638,407	5,067,875	3,701,008	4,626,787	11,151,851	
13,467	235,149	34,821	19,203	11,835	13,753	
9,202,500	17,607,398	15,138,190	15,979,140	16,196,422	19,585,230	
(9,202,500)	(17,607,398)	(15,138,190)	(15,979,140)	(16,196,422)	(19,585,230)	
<u>13,467</u>	<u>235,149</u>	<u>34,821</u>	<u>19,203</u>	<u>11,835</u>	<u>13,753</u>	
2,462,905	6,873,556	5,102,696	3,720,211	4,638,622	11,165,604	
<u>24,472,118</u>	<u>26,935,023</u>	<u>33,478,132</u>	<u>38,580,828</u>	<u>42,301,039</u>	<u>46,939,661</u>	
<b>\$ 26,935,023</b>	<b>\$ 33,808,579</b>	<b>\$ 38,580,828</b>	<b>\$ 42,301,039</b>	<b>\$ 46,939,661</b>	<b>\$ 58,105,265</b>	
3.74%	0.27%	0.27%	0.53%	0.00%	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
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
2023	33,501,404	14,943,243	7,864	1,538,600	1,542,805	13,736,090	4,236,196	69,506,202

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
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
2023	10,895,253	36,679,684	2,112,419	4,336,833	4,089,168	-	240,994	58,354,351

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
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%
2023	135,765	-	23,012,142	23,678,926	97.18%

Source: Township annual financial statements

## Charter Township of Waterford

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### Taxable Value by Property Type (1)

#### Real Property

Tax Year	Residential	Commercial	Industrial	Personal Property	Total Value
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
2023	2,253,038,330	422,655,290	34,450,880	97,237,310	2,807,381,810

(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
11.5800	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%
10.2615	7,991,203,832	35.13%

## 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
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
2023	10.2615	-	2.7500	13.0115	5.7577	1.4891	3.1658	12.3523	30.3523	35.7764	53.7764

(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 & Oakland Transit

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, 2023			Year Ended December 31, 2014		
		Taxable Value	Percentage of Total	Rank	Taxable Value	Percentage of Total	Rank
Detroit Edison	Utility	33,697,030	1.20%	1	26,808,090	1.41%	1
Consumers Energy	Utility	16,468,260	0.59%	2	6,592,750	0.35%	3
Cass Lake Shore Club	Apartment	14,336,970	0.51%	3	8,027,130	0.42%	2
Village Green	Apartment	8,153,000	0.29%	4	4,764,080	0.25%	9
5400 Perry Drive LLC/Rite Aid	Distribution	7,516,590	0.27%	5	5,930,800	0.31%	6
Glengary Park Group	Apartments	7,317,980	0.26%	6	-	N/A	N/A
Meijer	Retail	7,123,570	0.25%	7	5,984,300	0.31%	5
Occidental Development/Rivers Edge	Apartments	6,831,730	0.24%	8	5,670,970	0.30%	7
Pentastar	Aviation	6,819,120	0.24%	9	5,383,480	0.28%	8
Lithia Real Estate/Suburban Ford	Dealership	6,219,040	0.22%	10	-	N/A	N/A
<b>Total</b>		<b>\$ 114,483,290</b>	<b>4.08%</b>		<b>\$ 69,161,600</b>	<b>3.63%</b>	
Total taxable value for each year		<b>\$ 2,807,381,810</b>			<b>\$ 1,904,049,799</b>		

Source: Waterford Township Assessing Department records

## Charter Township of Waterford

### Property Tax Levies and Collections

Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Total Levy	Collections	Percent Collected	Delinquent Collections (Real)	Total Tax Collections	Percent of Levy Collected	Delinquent Tax Receivable
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
2023	36,260,846	34,878,349	96.19%	1,257,007	36,135,356	99.65%	53,110

Source: Township Treasurer's Office records

## Charter Township of Waterford

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	As of December 31,			
	2014	2015	2016	2017
<b>Governmental Activities:</b>				
General obligation bonds	\$ 5,922,969	\$ 4,690,037	\$ 3,378,736	\$ 1,984,066
Installment purchase agreements	-	672,614	691,517	523,509
Notes payable	-	-	243,974	234,210
Total	5,922,969	5,362,651	4,314,227	2,741,785
<b>Business-type Activities:</b>				
General obligation bonds	32,500,078	36,033,495	34,868,462	32,719,833
Notes payable	-	-	61,337	58,883
Total	32,500,078	36,033,495	34,929,799	32,778,716
<b>Total Debt of the Government</b>	<b>\$ 38,423,047</b>	<b>\$ 41,396,146</b>	<b>\$ 39,244,026</b>	<b>\$ 35,520,501</b>
<b>Total Taxable Value</b>	\$ 1,904,049,799	\$ 1,943,694,296	\$ 1,981,453,406	\$ 2,044,123,800
<b>Ratio of Total Debt to Taxable Value</b>	2.02%	2.13%	1.98%	1.74%
<b>Total Population</b>	72,181	72,503	72,756	72,863
<b>Total Debt per Capita</b>	\$ 532	\$ 571	\$ 539	\$ 487
<b>Per Capita Personal Income</b>	\$ 26,151	\$ 28,717	\$ 28,268	\$ 31,149
<b>Ratio of Debt to Personal Income</b>	2.04%	1.99%	1.91%	1.57%

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

**Ratios of Outstanding Debt**

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

As of December 31,						
2018	2019	2020	2021	2022	2023	
\$ 508,273	\$ 389,111	\$ 265,457	\$ -	\$ -	\$ -	\$ -
352,294	177,812	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
860,567	566,923	265,457	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
32,199,070	31,212,762	32,805,496	29,933,460	27,804,548	25,499,584	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
32,199,070	31,212,762	32,805,496	29,933,460	27,804,548	25,499,584	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
<b>\$ 33,059,637</b>	<b>\$ 31,779,685</b>	<b>\$ 33,070,953</b>	<b>\$ 29,933,460</b>	<b>\$ 27,804,548</b>	<b>\$ 25,499,584</b>	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
\$ 2,121,689,880	\$ 2,239,715,430	\$ 2,346,554,070	\$ 2,459,477,420	\$ 2,602,645,800	\$ 2,807,381,810	
1.56%	1.42%	1.41%	1.22%	1.07%	0.91%	
72,948	73,142	72,976	72,842	70,984	69,543	
\$ 453	\$ 434	\$ 453	\$ 411	\$ 392	\$ 367	
\$ 29,189	\$ 33,551	\$ 33,831	\$ 38,630	\$ 35,419	\$ 41,804	
1.55%	1.30%	1.34%	1.06%	1.11%	0.88%	

**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	
	Debt Service Funds	Debt Service Funds	Population	Per Capita						
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		
2023	25,499,584	-	-	25,499,584	2,807,381,810	0.91%	69,543	367		

Note: Special assessment bonds have been excluded.

Source: Township annual financial statements.

**Charter Township of Waterford**

**Direct and Overlapping Debt**

**December 31, 2023**  
**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percent Applicable to Waterford	Estimated Share of Overlapping Debt
Oakland County	\$ 176,379,048	3.74%	\$ 6,596,576
School Districts:			
Clarkston school district	205,264,869	2.07%	4,248,983
Pontiac school district	141,644,135	2.09%	2,790,389
Waterford school district	179,710,000	85.63%	153,202,775
Oakland Community College	-	N/A	-
Intermediate school district	<u>39,675,000</u>	3.75%	<u>1,487,813</u>
Total overlapping debt	742,673,052		168,326,536
Direct Township debt (not including debt related to business-type activities)	-	- %	-
Total direct and overlapping debt	<u>\$ 742,673,052</u>		<u>\$ 168,326,536</u>

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

Source: Municipal Advisory Council of Michigan

## Charter Township of Waterford

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	As of December 31			
	2014	2015	2016	2017
<b>Calculation of Debt Limit: (1)</b>				
State equalized valuation	\$ 2,057,190,519	\$ 2,274,460,656	\$ 2,499,248,796	\$ 2,693,797,860
Debt limit (10% of SEV)	205,719,052	227,446,066	249,924,880	269,379,786
<b>Calculation of Debt Subject to Limit:</b>				
Total debt	38,423,047	41,396,146	39,244,026	35,520,501
Less debt not subject to limit:				
Installment purchase agreements	-	672,614	691,517	523,509
Notes payable	-	-	305,311	293,098
Enterprise fund bonds	32,500,078	36,033,495	34,868,462	32,719,833
<b>Net Debt Subject to Limit</b>	<u>5,922,969</u>	<u>4,690,037</u>	<u>3,378,736</u>	<u>1,984,061</u>
<b>Legal Debt Margin</b>	<u>\$ 199,796,083</u>	<u>\$ 222,756,029</u>	<u>\$ 246,546,144</u>	<u>\$ 267,395,725</u>
<b>Net Debt Subject to Limit as Percentage of Debt Limit</b>	2.88%	2.06%	1.35%	0.74%

(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						
2018	2019	2020	2021	2022	2023	
\$ 2,800,919,235	\$ 3,047,560,035	\$ 3,293,571,490	\$ 3,452,387,690	\$ 3,621,476,530	\$ 3,995,601,916	
280,091,924	304,756,004	329,357,149	345,238,769	362,147,653	399,560,192	
33,059,637	31,779,685	33,070,953	29,933,460	27,804,548	25,499,584	
352,294	177,812	-	-	-	-	
-	-	-	-	-	-	
32,199,070	31,212,762	32,805,496	29,933,460	27,804,548	25,499,584	
508,273	389,111	265,457	-	-	-	
<b>\$ 279,583,651</b>	<b>\$ 304,366,893</b>	<b>\$ 329,091,692</b>	<b>\$ 345,238,769</b>	<b>\$ 362,147,653</b>	<b>\$ 399,560,192</b>	
0.18%	0.13%	0.08%	0.00%	0.00%	0.00%	

## Charter Township of Waterford

## Demographic and Economic Statistics

Last Ten Fiscal Years  
(Unaudited)

Fiscal year	Population		Estimated				
			Personal Income (in thousands)	Number of Households	Per Capita Personal Income	Median Age	Unemployment Rate
2014	72,181	(1)	1,899,739	29,612	28,717	40.0	6.8%
2015	72,503	(2)	2,072,822	29,255	28,268	40.7	4.6%
2016	72,756	(3)	2,049,515	30,342	31,149	40.5	4.0%
2017	72,863	(4)	2,266,277	29,525	29,189	41.0	3.6%
2018	72,948	(5)	2,126,798	32,284	33,551	41.7	3.5%
2019	73,142	(6)	2,447,478	30,659	33,831	41.5	3.2%
2020	72,976	(7)	2,474,467	32,003	38,630	41.9	8.6%
2021	72,842	(8)	2,819,063	30,833	35,419	42.0	3.5%
2022	70,984	(9)	2,579,991	30,483	38,471	42.5	2.8%
2023	69,543	(10)	2,730,825	30,757	41,804	40.5	2.5%

(1) 2013 Census Department - American Community Survey Data Profile Review

(2) 2014 Census Department - American Community Survey Data Profile Review

(3) 2015 Census Department - American Community Survey Data Profile Review

(4) 2016 Census Department - American Community Survey Data Profile Review

(5) 2017 Census Department - American Community Survey Data Profile Review

(6) 2018 Census Department - American Community Survey Data Profile Review

(7) 2019 Census Department - American Community Survey Data Profile Review

(8) 2020 Census Department - American Community Survey Data Profile Review

(9) 2021 Census Department - American Community Survey Data Profile Review

(10) 2022 Census Department - American Community Survey Data Profile Review

## Charter Township of Waterford

## Principal Employers

December 31, 2023

(Unaudited)

Employer	Enterprise	2023		2014	Percentage of Total
		Employees (1)	Percentage of Total (2)		
1 Waterford School District	Education	1,278	3.3%	1,247	4.5%
2 Oakland County	Government	1,129	2.9%	1,394	5.0%
3 Oakland Intermediary Schools	Education	389	1.0%	252	0.9%
4 Township Of Waterford (2)	Government	390	1.0%	328	1.2%
5 Oakland Community College (3)	Education	211	0.5%	167	0.6%
6 Penn Engineering	Manufacturing	291	0.7%	N/A	N/A
7 Meijer	Retail	260	0.7%	263	0.9%
8 Pentastar Aviation, LLC	Air Transportation	228	0.6%	239	0.9%
9 Road Commission Of Oakland Cty	Transportation	221	0.6%	433	1.6%
10 Canterbury Healthcare, Inc.	Nursing Care	175	0.4%	230	0.8%
Total		<u>4,572</u>			
Total Township Employment (1)		<u>39,257</u>			

(1) Data is from various sources including:

2023 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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Supervisor/Assessing	6	6	7	7	8	8	8	8	8	8
Clerk's Office	6	6	7	7	7	7	7	7	8	8
Treasurer's Office	6	6	6	6	6	6	7	8	8	7
Fiscal & Human Resources	2	2	2	2	2	2	2	2	2	2
51st District Court	23	22	19	20	20	20	19	20	20	19
Planning & Development	3	3	3	3	3	3	3	3	4	4
Information Systems	3	3	4	4	4	4	4	4	6	6
Facilities & Operations	10	10	8	8	8	8	7	7	7	7
Building & Engineering	7	8	8	8	8	9	9	9	9	9
Parks & Recreation	5	6	8	8	8	8	8	8	7	8
Police Department	63	66	67	72	69	76	76	76	66	69
Fire Department (1,2,3,4,5)	140	104	119	138	131	109	110	104	106	112
Library	13	13	13	14	14	13	13	13	12	13
Water & Sewer	41	40	41	39	39	37	39	39	43	46
Cable	-	-	1	1	1	1	1	1	1	1
<b>Total</b>	<b>328</b>	<b>295</b>	<b>313</b>	<b>337</b>	<b>328</b>	<b>311</b>	<b>313</b>	<b>309</b>	<b>307</b>	<b>319</b>

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

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

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

(3) 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.

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

(5) In 2019 Waterford Twp Fire Dep't had 36 of 39 positions related to the Federal Safer Grant which ended on 9/25/2019.

Source: Payroll & Benefit department and other records

## Charter Township of Waterford

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Function/Program	2014	2015	2016	2017
<b>Police:</b>				
Physical Arrests	1,062	915	1,019	1,161
Traffic violations	3,391	4,286	4,179	3,815
Non traffic misdemeanors	310	284	724	883
Non traffic civil infractions	315	420	711	875
<b>Fire:</b>				
Emergency responses	11,276	11,398	12,104	13,095
Fires extinguished	542	487	519	519
Inspections	750	1,033	1,045	709
<b>Parks and recreation:</b>				
Recreation programs (estimated)	810	817	612	615
<b>Library:</b>				
Circulation (books borrowed)	317,510	291,656	279,587	271,667
Collection volume	188,328	195,377	638,798	602,814
Visits: Walk-ins	198,183	183,775	175,120	170,981
Visits: Website	185,378	372,372	194,511	445,200
<b>Water:</b>				
New connections	74	86	91	133
Water main breaks	45	16	14	15
Total consumption (billed - cubic feet)	258,557,800	267,587,530	288,257,794	273,197,387
Average annual consumption per customer (gallons)	50,601	50,990	50,212	48,447

Source: Township Departmental correspondence

## Operating Indicators

Last Ten Fiscal Years  
(Unaudited)

2018	2019	2020	2021	2022	2023
1,183	1,277	998	708	1,131	1,471
4,170	3,007	1,952	2,895	3,517	4,185
868	908	565	662	659	185
1,095	626	421	543	534	45
13,587	13,813	12,937	14,244	14,416	15,026
400	337	369	350	343	353
692	770	670	676	430	443
614	614	144	144	225	406
260,813	251,405	170,699	251,405	287,463	322,081
130,371	120,148	120,487	112,166	112,207	113,341
165,883	165,387	31,862	53,319	77,231	88,254
561,083	269,262	478,997	496,905	661,821	181,242
108	130	98	95	83	47
27	18	15	14	22	10
276,935,659	245,690,487	262,616,594	244,003,142	259,556,843	255,989,018
48,327	47,070	49,016	46,263	46,292	45,006

## Charter Township of Waterford

## Capital Asset Statistics

Last Ten Fiscal Years  
(Unaudited)

Function/ program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	44	44	28	26	28	27	27	28	23	23
<b>Fire:</b>										
Stations	9	9	9	9	9	9	9	9	9	9
Emergency Response Vehicles	27	27	27	27	27	26	27	28	39	40
<b>Parks and recreation:</b>										
Acreage	854	854	854	854	854	854	854	854	854	854
Playgrounds	6	3	3	3	3	3	1	1	2	2
Soccer fields	8	8	8	8	8	8	8	8	8	8
Baseball/ softball diamonds	13	13	13	13	13	13	13	13	13	13
<b>Libraries:</b>										
Branches	1	1	1	1	1	1	1	1	1	1
<b>Water:</b>										
mains (miles)	350	350	350	350	350	350	350	350	350	350
Fire hydrants	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Storage capacity (millions of gallons)	9	9	9	9	9	9	9	9	9	9
<b>Sewer:</b>										
Miles of sanitary sewers	350	350	350	350	350	350	350	350	350	350

Source: Departmental correspondence