

Charter Township of Waterford, Michigan

Annual Comprehensive Financial Report



**For the Fiscal Year Ended
December 31, 2024**

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June 23, 2025

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, 2024. This report has been prepared in conformance with the principles and standards for financial reporting as set forth by the Governmental Accounting Standards Board (GASB) and complies with the requirements of GASB Statement Number 34. It discusses the financial results for the year, provides information on budgetary performance, and includes information on the financial condition of Waterford Township. This report was prepared by and is the responsibility of the Township's management.

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

GOVERNMENT PROFILE

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

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

ECONOMIC CONDITION AND OUTLOOK

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

The Township is the geographic center of Oakland County. It is the 5th most populated township in Michigan. A portion of the Oakland County Government campus is located in Waterford. The Oakland Intermediate School District is also headquartered in Waterford. Oakland County International Airport (OCIA) is located in the northwest portion of the Township. The airport is a designated general aviation reliever airport serving individuals, businesses and industries in Oakland County, the State of Michigan and the nation. OCIA is ranked as the nation's twelfth busiest general aviation airport with an average of approximately 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. 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 that employs 147 people at an annual payroll of \$7,100,000. 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.

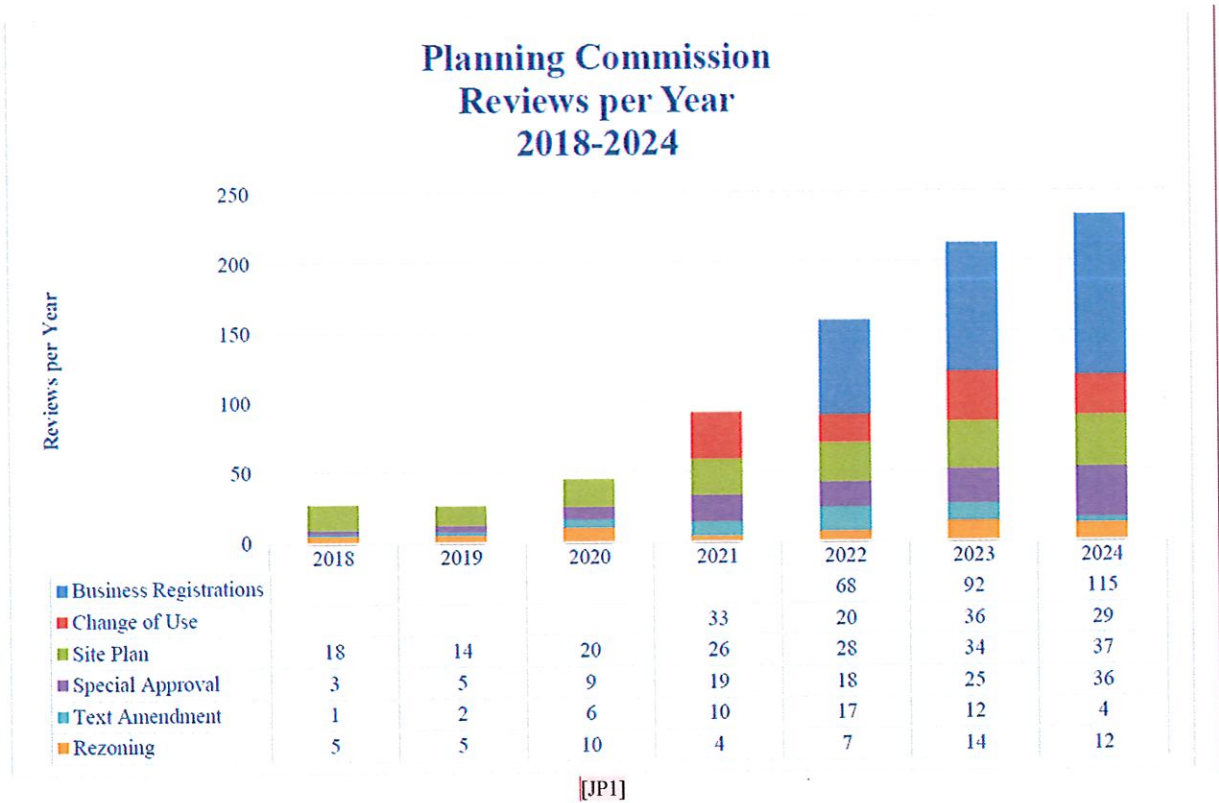
DTE Energy's new service center in Waterford Township, Michigan, located at 435 N. Telegraph Rd, opened in 2024 and employs approximately 250 people. This facility consolidates engineers and warehouse workers from the company's aging Pontiac Service Center and leased space in Farmington Hills, aiming to improve operational efficiency and service reliability in central Oakland County. The center plays a crucial role in DTE's commitment to building a smarter, stronger, and more resilient electric grid, aiming to reduce power outages by 30% and cut outage durations in half by 2029

Commercial Development

During 2024 year, the Development Services Department set an all-time record in reviewing 115 business registrations in a single year. Of these 115 registrations, 59 were opened during the 2024 year and the remainder by early 2025. 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.

Commercial Development (continued)

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



Residential Development

In addition to more businesses being established within the Township in a single year, continuing from 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 been 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. 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 during both 2023 and 2024 than for the last five years from 2018-2022 combined. The most common permits pulled are electrical permits, mechanical permits, and plumbing permits (1,144, 964, and 735 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.

Residential Development (continued)

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 14 years:

Building Permits Issued

Calendar Year	New Single Family Homes	New Condominium Units	New Commercial	Total Permits
2024	90	0	5	3654
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.

Although Oakland County private sector employment outperformed the nation, the state and major labor market areas in the state in the last decade, with 2.2 per cent reported in April 2023, up to 3.1 per cent in March of 2024 to 4.2 percent by December of 2024. This slowdown is not unique to Oakland County. Michigan's unemployment rate rose from 4.0 percent in January 2024 to 5.3 percent in January 2025.

Area Demographics (continued)

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

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

FINANCIAL INFORMATION

Internal and Budgetary Control

Township administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Township are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, rather than absolute assurance, that these objectives are met because the cost of a control should not exceed the benefits derived. The primary financial management control instrument of the Township is the annual budget. The annual budget is presented at a Board of Trustees meeting and is adopted in December each 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

Internal and Budgetary Control (continued)

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 2024, 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.

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 Parks and Recreation millage and a Police millage were renewed by the voters in August of 2024. This dedicated parks and recreation millage helped shore up and sustain non state mandated recreation services that are provided by the Township's Parks and Recreation Department. 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. Waterford voters approved a building bond proposal in November of 2024. The purpose of the bond is to obtain a portion of the Oakland Community College –

Long Term Financial Planning (continued)

Highland Lakes Campus including several buildings to provide an updated and more adequate Community Center for the whole community to enjoy. The land acquisition, planning and construction will take several years but should prove to be a fantastic community asset for all ages to enjoy well into the future.

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 12-31-2024 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 26% in its funded position in 2024! The Townships 2024 year-end funded level was 72.1%. This was an extremely positive change and allowed the Township to exceed the State minimum funding guideline. 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 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.

Long Term Financial Planning (continued)

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. 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.

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 initially meet the threshold. As of 2023 the Township met the minimum standard for the retiree healthcare trust and in 2024 the township exceeded expectations yet again.

For 2024 the Township has surpassed the minimum for the Retiree Health Care Fund! At the end of 2024 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. The hard choices and dedication has paid off and the Township is in much better shape than ever in this fiscal category.

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, sweep accounts 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, 2023. This was the twentieth 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,



Anthony Bartolotta
Township Supervisor



Kim Markee
Township Clerk



Steve Thomas
Township Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

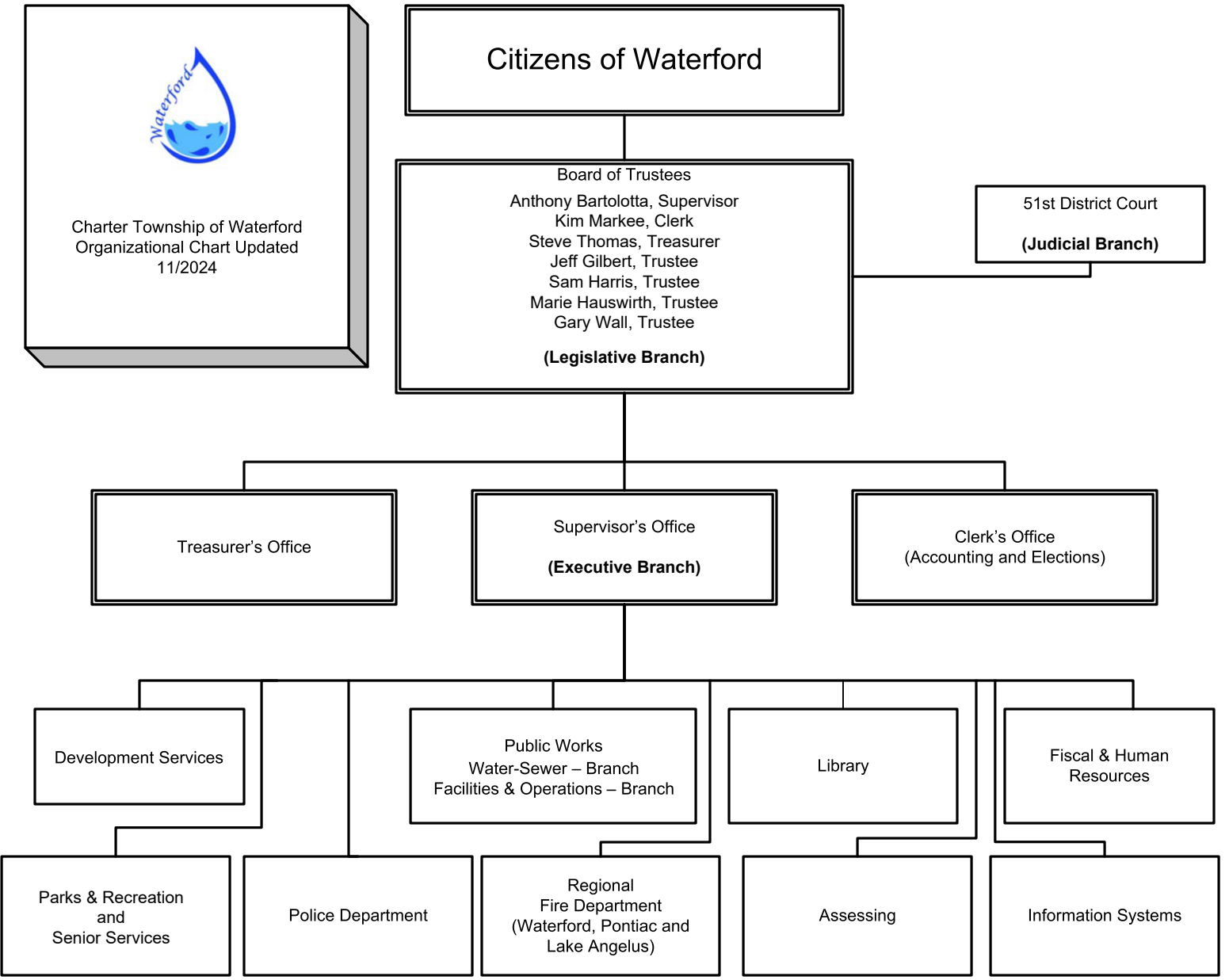
**Charter Township of Waterford
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO



Charter Township of Waterford
List of Principal Officials
Year Ended December 31, 2024

Supervisor's Office

Supervisor	Anthony Bartolotta
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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 Nye
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	Julie Schaefer
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Parks and Recreation

Director	Alison Swanson
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Police

Chief

Deputy Chief

Emergency Management Coordinator

Scott Underwood

Jack Sutherland

Brendan Brosnan

Public Works

Director

Administrative Superintendent

Engineering Superintendent

Water and Sewer – Facilities and
Operations Superintendents

Justin Westlake

Derek Diederich

Frank Fisher

Scott McGrady and

Derek VanDam

**Charter Township of Waterford
Labor Agreements
Year Ended December 31, 2024**

<u>Bargaining Unit</u>	<u>Expiration Date</u>	<u>Number of Employees</u>
Michigan Association of Police - Represents police officers and crime scene investigators	12/31/2026	40
Command Officers Association of Michigan - Represents police sergeants and lieutenants	12/31/2027	11
International Association of Firefighters - Represents all firefighting personnel	12/31/2026	106
Michigan Association of Police - Represents dispatchers	12/31/2026	10
Teamsters State, County, and Municipal Workers - Represents clerical, public works employees, building inspectors, and ordinance officers	12/31/2025	106

Charter Township of Waterford
Fund Organization Chart

<u>Fund Name</u>	<u>Fund Number</u>
General Fund	
General	101
Cemetery Care	209
Workers' Compensation	215
Senior Services	281
Special Revenue Funds	
Fire	206
Police	207
Police Restricted Use	208
Police and Fire Special Assessment	210
Cable Commission	250
Community Development Block Grant	260-263
Michigan Indigent Defense	267
Library	270
Library Donations	271
Parks & Recreation	280
Grant Fund	282
Opioid Settlement Fund	284
Nature Center	718
Weed Control and L.I.B.	844-851
Capital Projects Funds	
Improvement Revolving	246
Capital Projects	330
Enterprise Funds	
Water and Sewer	590
Internal Service Funds	
Motor Pool	360
Trust and Agency Funds	
Tax Collection	703
District Court - Activity Fund	710
Regular Employee Pension	731
Police and Fire Pension	732
Retiree Health Fund	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, 2024 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, 2024 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 opinion.

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.

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.

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 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 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.

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 23, 2025 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 & Moreau, PLLC

June 23, 2025

Financial Highlights

The following represents the most significant financial highlights for the year ended December 31, 2024:

- Total 2024 General Fund revenue was \$1,089,022 above 2023 revenue. The majority of the current year increase was attributable to the allocation by the township board of some of its American Rescue Plan Act (ARPA) revenue. While \$3,353,924 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 34.30 percent of all General Fund revenue. Going forward, property tax revenue is expected to produce modest increases due to the limitations of the Headlee Amendment, which limits taxable property values to increases at 5 percent or the rate of inflation, whichever is smaller.
- State-shared revenue and grants, despite dramatic cuts over the past 15 to 20 years, remain an important source of the Charter Township of Waterford's revenue. During the Township's 2024 fiscal year, state revenue sources increased by \$5,743 compared to 2023. State revenue sharing was only \$447,372 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 2024 would be over \$5.9 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 \$99,583 in 2024 compared to 2023. This was \$287,639 lower than 2010 without adjusting for inflation.
- General Fund expenditures and operating transfers out for fiscal year 2024 were more than 2023, increasing by \$7,792,709. The General Fund's largest expenditures are transfers to public safety. In 2024, the General Fund transferred \$4,496,535 to public safety (police and fire). Due to some one-time allocations from ARPA, the General Fund was also able to conduct some other transfers to the Improvement Revolving Fund for capital projects.
- The unassigned General Fund fund balance at year end was \$14,825,669. During fiscal year 2024, the unassigned General Fund fund balance decreased by \$2,314,243. The change was planned and carried out largely by some set asides for future capital use, made possible by funds from the federal government via the ARPA. The December 31, 2024 unassigned fund balance for the General Fund was 47.11 percent of total 2024 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. 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 decreased by \$30,418 in fiscal year 2024. It should be noted that the Police Fund now participates in the 330 Capital Project Allocation Fund and had a transfer to it of \$420,000 in 2024. This is a planning tool used for future capital project expenses. The Police Fund fund balance at December 31, 2024 is \$4,288,095, or 27.09 percent, of annual expenses and transfers out.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

- The Fire Fund fund balance increased by \$404,753 in fiscal year 2024. 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, 2024 was \$5,485,419, or 22.50 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	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 122,042,164	\$ 106,280,437	\$ 42,655,877	\$ 39,606,459	\$ 164,698,041	\$ 145,886,896
Capital assets	56,606,549	54,872,997	107,441,263	106,592,844	164,047,812	161,465,841
Total assets	178,648,713	161,153,434	150,097,140	146,199,303	328,745,853	307,352,737
Deferred Outflows of Resources	6,818,857	8,391,460	516,936	1,059,222	7,335,793	9,450,682
Liabilities						
Current liabilities	4,951,368	7,408,560	1,541,695	2,842,252	6,493,063	10,250,812
Noncurrent liabilities	37,449,172	69,635,070	27,892,335	33,660,940	65,341,507	103,296,010
Total liabilities	42,400,540	77,043,630	29,434,030	36,503,192	71,834,570	113,546,822
Deferred Inflows of Resources	62,927,716	47,834,773	6,107,095	3,623,144	69,034,811	51,457,917
Net Position						
Net investment in capital assets	56,606,549	54,872,997	83,370,050	81,093,262	139,976,599	135,966,259
Restricted	11,179,535	6,810,763	4,558,767	2,324,205	15,738,302	9,134,968
Unrestricted	12,353,230	(17,017,269)	27,144,134	23,714,722	39,497,364	6,697,453
Total net position	<u>\$ 80,139,314</u>	<u>\$ 44,666,491</u>	<u>\$ 115,072,951</u>	<u>\$ 107,132,189</u>	<u>\$ 195,212,265</u>	<u>\$ 151,798,680</u>

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 2024. The governmental activities net position increased by \$35,472,823 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 an 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 2024. This underscores the low level of construction debt utilized by the Township within the governmental funds category. For 2025, the Township will see some structured debt in this category based on the successful passage of a bond proposal to purchase 51 acres from Oakland Community College along with four buildings. The site is currently in the planning stages to become a multigenerational community center for the Township's residents. The amount of the proposal was \$36.4 million over a 20-year period.

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 2024 increased by \$3,936,258 from the 2023 fiscal year. The primary reasons for this change were the property taxes category, along with a modest increase in charges for services and an uptick in investment earnings.

Governmental expenses decreased by \$5,951,447 when comparing 2023 to 2024. This was primarily due to a significant decrease in the Township's net OPEB liability.

In the business-type activities (Water and Sewer Fund), revenue increased by \$1,455,212 in 2024. This was due primarily to charges for services and a slight uptick in investment earnings. The Water and Sewer Fund also paid \$9,319,177 in 2024 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	
	2024	2023	2024	2023	2024	2023
Revenue						
Program revenue:						
Charges for services	\$ 16,319,262	\$ 16,279,205	\$ 27,409,516	\$ 26,268,787	\$ 43,728,778	\$ 42,547,992
Operating grants	6,549,190	6,908,054	-	-	6,549,190	6,908,054
Capital grants	-	-	2,002,024	1,959,935	2,002,024	1,959,935
General revenue:						
Property taxes	36,366,359	33,489,976	-	-	36,366,359	33,489,976
Intergovernmental	8,186,865	8,184,277	-	-	8,186,865	8,184,277
Investment earnings	2,523,636	1,249,495	1,036,863	739,880	3,560,499	1,989,375
Other revenue	1,938,151	1,836,198	405	24,994	1,938,556	1,861,192
Total revenue	71,883,463	67,947,205	30,448,808	28,993,596	102,332,271	96,940,801
Expenses						
General government	(2,526,407)	690,844	-	-	(2,526,407)	690,844
District court	1,968,757	2,450,951	-	-	1,968,757	2,450,951
Public safety:						
Police	9,736,102	11,498,526	-	-	9,736,102	11,498,526
Fire	18,289,338	19,033,579	-	-	18,289,338	19,033,579
Building inspection	1,534,011	1,538,685	-	-	1,534,011	1,538,685
Public works	998,753	1,013,886	-	-	998,753	1,013,886
Community and economic development	2,199,710	1,851,045	-	-	2,199,710	1,851,045
Recreation and culture	4,210,376	4,284,571	-	-	4,210,376	4,284,571
Water and sewer	-	-	22,508,046	24,227,169	22,508,046	24,227,169
Total expenses	36,410,640	42,362,087	22,508,046	24,227,169	58,918,686	66,589,256
Change in Net Position	35,472,823	25,585,118	7,940,762	4,766,427	43,413,585	30,351,545
Net Position - Beginning of year	44,666,491	19,081,373	107,132,189	102,365,762	151,798,680	121,447,135
Net Position - End of year	\$ 80,139,314	\$ 44,666,491	\$ 115,072,951	\$ 107,132,189	\$ 195,212,265	\$ 151,798,680

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 2024 include the General Fund, Police Fund, Fire Fund, Police and Fire Special Assessment District Fund, Improvement Revolving Fund, and Capital Project Allocation 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 \$2,810,680 to the Police Fund and \$1,685,855 to the Fire Fund in 2024.

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 \$21,056,209, of which \$14,825,669 is unassigned. The total of \$21,056,209 represents 66.89 percent of 2024'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 \$1,117,125, the Cemetery Care Fund amount of \$1,124,315, and the unassigned General Fund fund balance at year end represented 47.10 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 \$2,810,680 from the Township's General Fund and an additional \$7,782,755 in dedicated millage revenue for 2024, a modest overall increase from 2023. Most recently, the police department received \$4,087,452 from the Police and Fire Special Assessment District in 2024. The department receives a small amount of revenue from fees, grants, and interest on investments. Overall, for fiscal year 2024, the Police Fund fund balance decreased by \$30,418. It should be noted that, in 2024, the township board authorized a \$420,000 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 2024, the department received \$1,685,855 from the General Fund and approximately \$7.0 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 and a 6-month extension for quarters one and two in 2025 with discussions ongoing as of the writing of this document. Most recently, the fire department received \$3,330,475 from the Police and Fire Special Assessment District in 2024. The Fire Fund fund balance increased by \$404,753 in 2024. It should be noted that, in 2024, the township board authorized a \$1,525,000 allocation to the fire department's Capital Project Fund. The Fire Fund fund balance is at 22.50 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 (Regulating Agency). 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. Again, in 2024, the Township prepaid a \$848,411 proportional share debt payment to the regional authority early and saved rate payers an estimated \$424,053 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 2024, the Water and Sewer Fund was staffed at 45.5 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 adjusted in the first quarter of 2024, 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 2025 and 2026. 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, 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 2024, construction activity continued to rebound 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 1990s employment levels for 2024. 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 \$7,446,016 for 2024. 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 \$1,733,552 net of depreciation. Disposal of assets, disposal of excess equipment, and capital asset acquisition occurred throughout 2024 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 \$848,419 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 2024. 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 2024, there was a decrease of \$1,406,699 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 \$2,914,020 of debt that is due within one year in Note 6, it could be stated that this portion alone amounts to approximately 11 percent of the Water and Sewer Fund's resources each year.

The Township has no general government debt as of the end of 2024. 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. Additionally, in November 2024, the Township's residents approved a 20-year \$36.4 million bond issuance for 51 acres and some buildings at Oakland Community College. This project will outfit a multigenerational community center and grounds for the community to enjoy well into the future. The bond sales for this project are expected to occur in two bond sales, one in the summer 2025 and the remainder in 2026.

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

Economic Factors

There are several economic factors that challenge the Township. The collapse of the housing market starting in 2008 through 2014 resulted in dramatic declines in taxable values, which directly 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, 2023, and 2024, 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 2024, the closed retiree health trust was above the state minimum level of 40 percent designated by Public Act 202 of 2017. The Retiree Health Care Trust finished 2024 at a 72.1 percent funded level. This was a dramatic step forward from just a few years ago. The positive momentum in this area continues. 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 2024 saw an additional \$23,242,211 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 changes instituted by the board in fall 2021, as well as continued deposits into the trust have helped tremendously in this legacy cost 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 \$447,372 more from the State of Michigan in revenue sharing in 2024 than it did in 2001, without adjusting for inflation. When adjusting for inflation, there would be a cumulative reduction estimated to be slightly under \$6 million. The overall trend of the State divesting itself in local government through the years continues.

Legacy Benefits and Reforms

Public Act 202 of 2017, titled Protecting Local Government Retirement Benefits Act, had standards and requirements that the Township needed to address. Pensions are required to be 60 percent funded, and the Township's two closed systems meet and exceed that standard. The retiree health care fund needs to be 40 percent funded, and the Township's plan has met and exceeded that standard. In 2024, the Township was at a 72.1 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 showed that the Township had 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, and the combined team effort from all stakeholders has helped in these areas. In 2021, the township board instituted two major reforms in the retiree health care space. These reforms initially 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. Additionally, \$23,242,211 in liability was moved off the books by the Township's most recent actuarial report. 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. All of these conversions are now complete. 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 2024, the same funded position was 72.1 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 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, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 78,190,986	\$ 23,870,614	\$ 102,061,600	\$ 632,004
Receivables:				
Property taxes receivable	33,327,970	-	33,327,970	160,916
Special assessments receivable	429,531	97,322	526,853	-
Customer receivables	-	11,629,633	11,629,633	-
Accrued interest receivable	-	218,676	218,676	-
Leases receivable	1,536,751	2,280,865	3,817,616	-
Due from other governments	1,774,241	-	1,774,241	-
Rehabilitation loan receivable	1,246,811	-	1,246,811	-
Other receivables	199,680	-	199,680	-
Inventory	86,111	-	86,111	-
Prepaid items	751,775	-	751,775	-
Restricted assets	-	1,651,425	1,651,425	-
Net pension asset (Note 7)	4,498,308	2,907,342	7,405,650	-
Capital assets: (Note 4)				
Assets not subject to depreciation	27,298,615	16,231,000	43,529,615	-
Assets subject to depreciation - Net	29,307,934	91,210,263	120,518,197	-
Total assets	178,648,713	150,097,140	328,745,853	792,920
Deferred Outflows of Resources				
Deferred pension costs (Note 7)	3,399,124	-	3,399,124	-
Deferred OPEB costs (Note 8)	3,419,733	516,936	3,936,669	-
Total deferred outflows of resources	6,818,857	516,936	7,335,793	-
Liabilities				
Accounts payable	1,485,625	1,241,976	2,727,601	1,406
Refundable deposits, bonds, etc.	1,048,272	-	1,048,272	-
Accrued liabilities and other	1,993,056	299,719	2,292,775	-
Unearned revenue	424,415	-	424,415	-
Noncurrent liabilities:				
Due within one year: (Note 6)				
Compensated absences	3,675,636	474,560	4,150,196	-
Provision for claims	435,640	35,513	471,153	-
Current portion of long-term debt	-	2,403,947	2,403,947	-
Due in more than one year: (Note 6)				
Provision for claims	367,285	-	367,285	-
Long-term debt	-	21,667,266	21,667,266	-
Net pension liability (Note 7)	11,066,755	-	11,066,755	-
Net OPEB liability (Note 8)	21,903,856	3,311,049	25,214,905	-
Total liabilities	42,400,540	29,434,030	71,834,570	1,406
Deferred Inflows of Resources				
Property taxes levied for the following year	39,790,479	-	39,790,479	424,281
Deferred pension cost reductions (Note 7)	1,427,696	922,748	2,350,444	-
Deferred OPEB cost reductions (Note 8)	20,303,333	3,069,109	23,372,442	-
Deferred inflows from leases	1,406,208	2,115,238	3,521,446	-
Total deferred inflows of resources	62,927,716	6,107,095	69,034,811	424,281

Charter Township of Waterford

Statement of Net Position (Continued)

December 31, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	\$ 56,606,549	\$ 83,370,050	\$ 139,976,599	\$ -
Restricted:				
Police	1,353,676	-	1,353,676	-
Police and fire	219,767	-	219,767	-
Community development	1,702,486	-	1,702,486	-
Library	2,363,651	-	2,363,651	-
Nature center	613,097	-	613,097	-
Capital projects	-	1,651,425	1,651,425	-
Indigent defense	214,398	-	214,398	-
Opioid settlement	214,152	-	214,152	-
Pension	4,498,308	2,907,342	7,405,650	-
Unrestricted	12,353,230	27,144,134	39,497,364	367,233
Total net position	<u><u>\$ 80,139,314</u></u>	<u><u>\$ 115,072,951</u></u>	<u><u>\$ 195,212,265</u></u>	<u><u>\$ 367,233</u></u>

Charter Township of Waterford

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ (2,526,407)	\$ 898,670	\$ 3,369,074	\$ -
District court	1,968,757	1,100,178	504,337	-
Public safety:				
Police	9,736,102	103,797	675,504	-
Fire	18,289,338	12,029,010	336,242	-
Building inspection	1,534,011	1,045,737	-	-
Public works	998,753	127,447	7,500	-
Community and economic development	2,199,710	425,683	979,437	-
Recreation and culture	4,210,376	588,740	677,096	-
Total governmental activities	36,410,640	16,319,262	6,549,190	-
Business-type activities - Enterprise fund -				
Water and Sewer Fund	22,508,046	27,409,516	-	2,002,024
Total primary government	<u>\$ 58,918,686</u>	<u>\$ 43,728,778</u>	<u>\$ 6,549,190</u>	<u>\$ 2,002,024</u>
Component units:				
Economic Development Corporation	\$ -	\$ 30	\$ -	\$ -
Waterford Youth Assistance Corporation	29,845	3,474	30,995	-
Brownfield Redevelopment Authority	4,977	-	-	-
Total component units	<u>\$ 34,822</u>	<u>\$ 3,504</u>	<u>\$ 30,995</u>	<u>\$ -</u>
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, 2024

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ 6,794,151	\$ -	\$ 6,794,151	\$ -
(364,242)	-	(364,242)	-
(8,956,801)	-	(8,956,801)	-
(5,924,086)	-	(5,924,086)	-
(488,274)	-	(488,274)	-
(863,806)	-	(863,806)	-
(794,590)	-	(794,590)	-
(2,944,540)	-	(2,944,540)	-
(13,542,188)	-	(13,542,188)	-
-	6,903,494	6,903,494	-
(13,542,188)	6,903,494	(6,638,694)	-
-	-	-	30
-	-	-	4,624
-	-	-	(4,977)
-	-	-	(323)
36,366,359	-	36,366,359	30,378
8,186,865	-	8,186,865	-
2,523,636	1,036,863	3,560,499	10,990
901,646	-	901,646	-
27,724	405	28,129	-
1,008,781	-	1,008,781	-
49,015,011	1,037,268	50,052,279	41,368
35,472,823	7,940,762	43,413,585	41,045
44,666,491	107,132,189	151,798,680	326,188
\$ 80,139,314	\$ 115,072,951	\$ 195,212,265	\$ 367,233

Charter Township of Waterford

	General Fund	Police Fund	Fire Fund	Police and Fire Special Assessment District Fund	Improvement Revolving Fund
Assets					
Cash and investments	\$ 22,532,639	\$ 6,219,979	\$ 7,238,681	\$ 1,458,137	\$ 13,499,073
Receivables:					
Property taxes receivable	9,086,469	7,401,857	6,299,031	6,713,673	-
Special assessments receivable	422,130	-	-	-	7,401
Leases receivable	1,536,751	-	-	-	-
Due from other governments	1,445,032	28,905	25,828	-	-
Rehabilitation loan receivable	-	-	-	-	-
Other receivables	199,680	-	-	-	-
Prepaid items	213,289	365	326	362	-
Total assets	\$ 35,435,990	\$ 13,651,106	\$ 13,563,866	\$ 8,172,172	\$ 13,506,474
Liabilities					
Accounts payable	\$ 344,573	\$ 196,808	\$ 95,906	\$ 361	\$ 631,413
Refundable deposits, bonds, etc.	940,846	-	-	-	95,271
Accrued liabilities and other	412,705	435,742	552,859	3,274	460,402
Unearned revenue	-	-	-	-	-
Total liabilities	1,698,124	632,550	648,765	3,635	1,187,086
Deferred Inflows of Resources					
Unavailable revenue	107,744	-	-	-	8,141
Property taxes levied for the following year	11,167,705	8,730,461	7,429,682	7,948,770	-
Deferred inflows from leases	1,406,208	-	-	-	-
Total deferred inflows of resources	12,681,657	8,730,461	7,429,682	7,948,770	8,141
Total liabilities and deferred inflows of resources	14,379,781	9,363,011	8,078,447	7,952,405	1,195,227
Fund Balances					
Nonspendable - Prepaids	213,289	365	326	362	-
Restricted:					
Police	-	-	-	-	-
Police and fire	-	-	-	219,405	-
Community development	-	-	-	-	-
Library	-	-	-	-	-
Nature center	-	-	-	-	-
Opioid settlement	-	-	-	-	-
Michigan indigent defense	-	-	-	-	-
Committed:					
Cemetery care	1,124,315	-	-	-	-
Workers' compensation	1,117,125	-	-	-	-
Budget stabilization	3,775,811	-	-	-	-
Capital projects - Police	-	-	-	-	-
Capital projects - General	-	-	-	-	-
Capital projects - Fire	-	-	-	-	-
Capital projects - Parks and recreation	-	-	-	-	-
Assigned:					
Fiscal recovery	-	-	-	-	-
Cable-related projects	-	-	-	-	-
Police	-	4,287,730	-	-	-
Fire	-	-	5,485,093	-	-
Community development	-	-	-	-	-
Capital projects - Improvement revolving fund	-	-	-	-	12,311,247
Parks and recreation	-	-	-	-	-
Unassigned	14,825,669	-	-	-	-
Total fund balances	21,056,209	4,288,095	5,485,419	219,767	12,311,247
Total liabilities, deferred inflows of resources, and fund balances	\$ 35,435,990	\$ 13,651,106	\$ 13,563,866	\$ 8,172,172	\$ 13,506,474

Governmental Funds Balance Sheet

December 31, 2024

Capital Project Allocation Fund	Nonmajor Funds	Total Governmental Funds
\$ 17,003,702	\$ 10,002,031	\$ 77,954,242
-	3,826,940	33,327,970
-	-	429,531
-	-	1,536,751
-	274,476	1,774,241
-	1,246,811	1,246,811
-	-	199,680
537,242	191	751,775
\$ 17,540,944	\$ 15,350,449	\$ 117,221,001
\$ -	\$ 195,153	\$ 1,464,214
-	12,155	1,048,272
-	128,074	1,993,056
-	424,415	424,415
-	759,797	4,929,957
-	1,246,811	1,362,696
-	4,513,861	39,790,479
-	-	1,406,208
-	5,760,672	42,559,383
-	6,520,469	47,489,340
537,242	191	751,775
-	1,353,676	1,353,676
-	-	219,405
-	455,544	455,544
-	2,363,651	2,363,651
-	613,097	613,097
-	214,152	214,152
-	214,398	214,398
-	-	1,124,315
-	-	1,117,125
-	-	3,775,811
3,507,821	-	3,507,821
6,929,404	-	6,929,404
6,183,665	-	6,183,665
382,812	-	382,812
-	246,580	246,580
-	948,892	948,892
-	-	4,287,730
-	-	5,485,093
-	200,000	200,000
-	-	12,311,247
-	2,219,799	2,219,799
-	-	14,825,669
17,540,944	8,829,980	69,731,661
\$ 17,540,944	\$ 15,350,449	\$ 117,221,001

Charter Township of Waterford

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2024

Fund Balances Reported in Governmental Funds	\$ 69,731,661
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	56,385,858
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	1,362,696
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	(3,675,636)
Pension benefits and related deferrals	(4,597,019)
Retiree health care benefits and related deferrals	(38,787,456)
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	(802,925)
Internal service funds are included as part of governmental activities	522,135
Net Position of Governmental Activities	<u>\$ 80,139,314</u>

Charter Township of Waterford

	General Fund	Police Fund	Fire Fund	Police and Fire Special Assessment District Fund	Improvement Revolving Fund
Revenue					
Property taxes	\$ 10,074,967	\$ 7,782,755	\$ 6,954,217	\$ 7,446,016	\$ -
Intergovernmental:					
Federal grants	3,353,924	123,809	-	-	-
State sources	8,370,179	178,301	363,309	-	7,500
Charges for services	1,366,544	57,963	12,002,112	-	-
Fines and forfeitures	1,364,771	45,834	-	-	-
Licenses and permits	1,111,883	45,132	-	-	36,251
Investment income	1,325,575	280,251	303,203	55,577	305,116
Other revenue:					
Local contributions	-	-	1,000	-	25,000
Other miscellaneous income	270,137	381,701	104,681	-	-
Cable franchise fees	802,465	-	-	-	-
Refunds and reimbursements	1,335,690	-	42,048	-	-
Total revenue	29,376,135	8,895,746	19,770,570	7,501,593	373,867
Expenditures					
Current services:					
General government	7,752,373	-	-	-	-
District court	3,162,048	-	-	-	-
Public safety:					
Police	38,456	14,866,497	-	-	-
Fire	-	-	21,993,848	-	-
Building inspection	1,494,238	-	-	-	-
Public works	-	-	-	-	179,363
Community and economic development	1,864,156	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	230,002	540,599	863,299	-	2,288,343
Total expenditures	14,541,273	15,407,096	22,857,147	-	2,467,706
Excess of Revenue Over (Under) Expenditures	14,834,862	(6,511,350)	(3,086,577)	7,501,593	(2,093,839)
Other Financing Sources (Uses)					
Transfers in	-	6,898,132	5,016,330	-	8,808,771
Transfers out	(16,937,362)	(420,000)	(1,525,000)	(7,417,927)	-
Sale of capital assets	10,802	2,800	-	-	27,503
Total other financing (uses) sources	(16,926,560)	6,480,932	3,491,330	(7,417,927)	8,836,274
Net Change in Fund Balances	(2,091,698)	(30,418)	404,753	83,666	6,742,435
Fund Balances - Beginning of year, as previously reported	23,147,907	4,318,513	5,080,666	136,101	-
Change within Financial Reporting Entity (Note 1)	-	-	-	-	5,568,812
Fund Balances - Beginning of year, as adjusted	23,147,907	4,318,513	5,080,666	136,101	5,568,812
Fund Balances - End of year	\$ 21,056,209	\$ 4,288,095	\$ 5,485,419	\$ 219,767	\$ 12,311,247

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2024

Capital Project Allocation Fund	Nonmajor Funds	Total Governmental Funds
\$ -	\$ 4,094,675	\$ 36,352,630
-	1,271,315	4,749,048
-	653,020	9,572,309
-	818,083	14,244,702
-	117,342	1,527,947
-	-	1,193,266
388,425	363,928	3,022,075
-	18,119	44,119
-	265,352	1,021,871
-	99,181	901,646
-	-	1,377,738
388,425	7,701,015	74,007,351
-	585,267	8,337,640
-	-	3,162,048
-	236,953	15,141,906
-	-	21,993,848
-	-	1,494,238
-	-	179,363
-	579,236	2,443,392
-	4,801,537	4,801,537
37,320	908,525	4,868,088
37,320	7,111,518	62,422,060
351,105	589,497	11,585,291
5,315,000	282,056	26,320,289
-	(20,000)	(26,320,289)
-	-	41,105
5,315,000	262,056	41,105
5,666,105	851,553	11,626,396
-	25,422,078	58,105,265
11,874,839	(17,443,651)	-
11,874,839	7,978,427	58,105,265
\$ 17,540,944	\$ 8,829,980	\$ 69,731,661

Charter Township of Waterford

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

Year Ended December 31, 2024

Net Change in Fund Balances Reported in Governmental Funds	\$ 11,626,396
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	4,476,561
Depreciation expense	(2,661,706)
Net book value of assets disposed of	(52,953)
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	9,380
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	22,078,258
Changes to claims and similar costs that do not use current financial resources are not reported in the governmental funds	18,098
Internal service funds are included as part of governmental activities	(21,211)
Change in Net Position of Governmental Activities	<u>\$ 35,472,823</u>

Charter Township of Waterford

Proprietary Funds Statement of Net Position

December 31, 2024

	Enterprise Fund	Governmental Activities
	Water and Sewer Fund	Internal Service Fund - Motor Pool Fund
Assets		
Current assets:		
Cash and investments (Note 3)	\$ 23,870,614	\$ 236,744
Receivables:		
Special assessments receivable - Due within one year	97,322	-
Customer receivables	11,629,633	-
Accrued interest receivable	218,676	-
Leases receivable	69,929	-
Inventory	-	86,111
Total current assets	35,886,174	322,855
Noncurrent assets:		
Restricted assets	1,651,425	-
Net pension asset	2,907,342	-
Leases receivable	2,210,936	-
Capital assets: (Note 4)		
Assets not subject to depreciation	16,231,000	-
Assets subject to depreciation - Net	91,210,263	220,691
Total noncurrent assets	114,210,966	220,691
Total assets	150,097,140	543,546
Deferred Outflows of Resources - Deferred OPEB costs (Note 8)	516,936	-
Liabilities		
Current liabilities:		
Accounts payable	1,241,976	21,411
Accrued liabilities and other	299,719	-
Compensated absences	474,560	-
Provision for claims	35,513	-
Current portion of long-term debt (Note 6)	2,403,947	-
Total current liabilities	4,455,715	21,411
Noncurrent liabilities:		
Net OPEB liability (Note 8)	3,311,049	-
Long-term debt (Note 6)	21,667,266	-
Total noncurrent liabilities	24,978,315	-
Total liabilities	29,434,030	21,411
Deferred Inflows of Resources		
Deferred pension cost reductions	922,748	-
Deferred OPEB cost reductions (Note 8)	3,069,109	-
Deferred inflows from leases	2,115,238	-
Total deferred inflows of resources	6,107,095	-

Charter Township of Waterford

Proprietary Funds Statement of Net Position (Continued)

December 31, 2024

	Enterprise Fund	Governmental Activities
	Water and Sewer Fund	Internal Service Fund - Motor Pool Fund
Net Position		
Net investment in capital assets	\$ 83,370,050	\$ 220,691
Restricted:		
Capital projects	1,651,425	-
Pension	2,907,342	-
Unrestricted	27,144,134	301,444
Total net position	\$ 115,072,951	\$ 522,135

Charter Township of Waterford

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

Year Ended December 31, 2024

	Enterprise Fund	Governmental Activities
	Water and Sewer Fund	Internal Service Fund - Motor Pool Fund
Operating Revenue		
Sale of water	\$ 7,672,444	\$ -
Sewage disposal charges	19,341,952	-
Other sales to customers	63,917	-
Charges for services	331,203	-
Total operating revenue	27,409,516	-
Operating Expenses		
Cost of water	2,819,431	-
Cost of sewage treatment	9,827,901	-
Other operating and maintenance costs	1,470,514	-
Billing and administrative costs	1,760,499	6,952
Depreciation	6,070,433	6,011
Total operating expenses	21,948,778	12,963
Operating Income (Loss)	5,460,738	(12,963)
Nonoperating Revenue (Expense)		
Investment income	1,036,863	5,133
Interest expense	(559,268)	-
Gain (loss) on sale of assets	405	(13,381)
Total nonoperating revenue (expense)	478,000	(8,248)
Income (Loss) - Before capital contributions	5,938,738	(21,211)
Capital Contributions		
Capital grants	442,255	-
Benefit fees	300,289	-
Lines donated by developers	1,259,480	-
Total capital contributions	2,002,024	-
Change in Net Position	7,940,762	(21,211)
Net Position - Beginning of year	107,132,189	543,346
Net Position - End of year	\$ 115,072,951	\$ 522,135

Charter Township of Waterford

Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2024

	Enterprise Fund	Governmental Activities
	Water and Sewer Fund	Internal Service Fund - Motor Pool Fund
Cash Flows from Operating Activities		
Receipts from customers	\$ 25,395,514	\$ -
Payments to suppliers	(14,479,804)	-
Payments to employees and fringes	(5,874,853)	-
Other receipts	-	6,953
Net cash and cash equivalents provided by operating activities	5,040,857	6,953
Cash Flows from Capital and Related Financing Activities		
Special assessment collections	18,137	-
Benefit fees	300,289	-
Proceeds from sale of capital assets	405	8,958
Purchase of capital assets	(4,456,437)	-
Principal and interest paid on capital debt	(3,036,428)	-
Net cash and cash equivalents (used in) provided by capital and related financing activities	(7,174,034)	8,958
Cash Flows from Investing Activities		
Interest received on investments	974,735	5,133
Purchases of investment securities	(1,459,179)	-
Net cash and cash equivalents (used in) provided by investing activities	(484,444)	5,133
Net (Decrease) Increase in Cash and Cash Equivalents	(2,617,621)	21,044
Cash and Cash Equivalents - Beginning of year	14,969,705	215,700
Cash and Cash Equivalents - End of year	\$ 12,352,084	\$ 236,744
Classification of Cash and Cash Equivalents		
Cash and investments	\$ 23,870,614	\$ 236,744
Less amounts classified as investments	(11,518,530)	-
Total cash and cash equivalents	\$ 12,352,084	\$ 236,744

Charter Township of Waterford

Proprietary Funds Statement of Cash Flows (Continued)

Year Ended December 31, 2024

	Enterprise Fund	Governmental Activities
	Water and Sewer Fund	Internal Service Fund - Motor Pool Fund
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities		
Operating income (loss)	\$ 5,460,738	\$ (12,963)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	6,070,433	6,011
Changes in assets and liabilities:		
Receivables	(2,014,002)	-
Inventories	-	6,057
Accrued and other liabilities	68,555	-
Accounts payable	(822,851)	7,848
Estimated claims liability	(8,390)	-
Net pension and OPEB liabilities and related deferrals	(3,713,626)	-
Total adjustments	(419,881)	19,916
Net cash and cash equivalents provided by operating activities	<u>\$ 5,040,857</u>	<u>\$ 6,953</u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2024, the Water and Sewer Fund received \$1,259,480 of lines donated by developers. In addition, restricted assets held at the county were reduced by approximately \$276,000 and the Township took on \$926,774 of debt in order to fund the construction of capital assets.

Charter Township of Waterford

Fiduciary Funds Statement of Fiduciary Net Position

December 31, 2024

	Pension and Other Postemployment Benefits Funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ 122,240	\$ 8,504,146
Investments:		
Debt securities and fixed income funds	45,250,150	-
Publicly traded partnerships and investment trusts	48,799,570	-
Stocks	133,405,207	-
Pension manager short-term funds	23,266,493	-
Receivables:		
Property taxes receivable	-	8,213,220
Special assessments receivable	-	231,092
Accrued interest receivable	261,041	-
Prepaid items	1,069,338	-
Total assets	252,174,039	16,948,458
Liabilities		
Accounts payable	-	10,518
Due to other governmental units	-	7,837,044
Accrued liabilities and other	-	106,489
Total liabilities	-	7,954,051
Deferred Inflows of Resources - Property taxes and special assessments levied for the following year	-	8,497,673
Total liabilities and deferred inflows of resources	-	16,451,724
Net Position		
Restricted:		
Pension	187,053,726	-
Postemployment benefits other than pension	65,120,313	-
Individuals, organizations, and other governments	-	496,734
Total net position	<u>\$ 252,174,039</u>	<u>\$ 496,734</u>

Charter Township of Waterford

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2024

	Pension and Other Postemployment Benefits Funds	Custodial Funds
Additions		
Investment income (loss):		
Interest and dividends	\$ 9,127,478	\$ -
Net increase in fair value of investments	15,346,959	-
Investment costs	(1,039,439)	-
Net investment income	23,434,998	-
Contributions:		
Employer contributions	16,786,561	-
Employee contributions	258,528	-
Total contributions	17,045,089	-
Property tax collections for other governments	-	92,260,960
Special assessments	-	384,662
District court receipts	-	656,641
Total additions	40,480,087	93,302,263
Deductions		
Benefit payments	21,369,992	-
Administrative expenses	133,930	-
Tax distributions to other governments	-	92,260,960
Weed control	-	340,474
District court disbursements	-	656,641
Total deductions	21,503,922	93,258,075
Net Increase in Fiduciary Net Position	18,976,165	44,188
Net Position - Beginning of year	233,197,874	452,546
Net Position - End of year	\$ 252,174,039	\$ 496,734

Charter Township of Waterford

Component Units Statement of Net Position

December 31, 2024

	Economic Development Corporation	Waterford Youth Assistance Corporation	Brownfield Redevelopment Authority	Total
Assets				
Cash and investments	\$ 153,222	\$ 110,392	\$ 368,390	\$ 632,004
Receivables - Property taxes	-	-	160,916	160,916
Total assets	153,222	110,392	529,306	792,920
Liabilities - Accounts payable	-	1,406	-	1,406
Deferred Inflows of Resources - Property taxes levied for the following year	-	-	424,281	424,281
Net Position - Unrestricted	\$ 153,222	\$ 108,986	\$ 105,025	\$ 367,233

Charter Township of Waterford

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Economic Development Corporation	\$ -	\$ 30	\$ -	\$ -
Waterford Youth Assistance Corporation	29,845	3,474	30,995	-
Brownfield Redevelopment Authority	4,977	-	-	-
Total component units	<u><u>\$ 34,822</u></u>	<u><u>\$ 3,504</u></u>	<u><u>\$ 30,995</u></u>	<u><u>\$ -</u></u>
General revenue:				
Property taxes				
Unrestricted investment income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Component Units
Statement of Activities

Year Ended December 31, 2024

Net Revenue (Expense) and Changes in Net Position			
Economic Development Corporation	Waterford Youth Assistance Corporation	Brownfield Redevelopment Authority	Total
\$ 30	\$ -	\$ -	\$ 30
-	4,624	-	4,624
-	-	(4,977)	(4,977)
30	4,624	(4,977)	(323)
-	-	30,378	30,378
4,503	3,292	3,195	10,990
4,503	3,292	33,573	41,368
4,533	7,916	28,596	41,045
148,689	101,070	76,429	326,188
\$ 153,222	\$ 108,986	\$ 105,025	\$ 367,233

December 31, 2024

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, 2024

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, 2024

Note 1 - Significant Accounting Policies (Continued)

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

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

Fund Accounting

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Police Fund accounts for the operations of the law enforcement activities of the Township. Funding is provided primarily through a local property tax levy and through transfers in from the General Fund.
- The Fire Fund accounts for the operations of the fire department of the Township. Funding is provided primarily through a local property tax levy and through transfers in from the General Fund.
- The Police and Fire Special Assessment District Fund accounts for the operations of the police and the fire department of the Township. Funding is provided primarily through a special assessment in accordance with Public Act 33 of 1951.
- The Improvement Revolving 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.
- The Capital Project Allocation Fund accounts for the prefunding for future identified capital project needs. Funding is provided from the General Fund, Police Fund, Fire Fund, and Parks and Recreation Fund.

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.

December 31, 2024

Note 1 - Significant Accounting Policies (Continued)

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.

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 \$1,651,425 on deposit at the county that is being held for certain projects of the Water and Sewer Fund.

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

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 (see Notes 7 and 8 for details).

December 31, 2024

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 pension plans and other postemployment benefit plan (see Notes 7 and 8 for details).

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

December 31, 2024

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, 2024 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 2023 property tax revenue was levied and collectible on December 1, 2023 and is recognized as revenue in the year ended December 31, 2024 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2023 taxable valuation of the Township totaled \$2.8 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 2.7500 mills for police and fire special assessment. This resulted in property tax revenue of \$9.89 million for operating, \$7.78 million for police, \$6.96 million for the fire department, \$2.8 million for the library, \$1.29 million for parks and recreation, and \$7.45 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, 2024

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, compensation time, and vacation pay benefits. The compensated absence liabilities are reported in the government-wide and proprietary fund financial statements. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

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.

December 31, 2024

Note 1 - Significant Accounting Policies (Continued)

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.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are 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 December 2023, the Governmental 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 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 Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2026.

Accounting Changes and Error Corrections

Adoption of New Accounting Pronouncement

During the current year, the Township adopted GASB Statement No. 101, *Compensated Absences*. As a result, the liability for compensated absences in the statement of net position of the governmental activities and business-type activities has been calculated to comply with this new pronouncement. The effects of this adoption of a new accounting pronouncement were not significant and did not result in a restatement of the financial statements as of December 31, 2024.

Changes to or within the Financial Reporting Entity

Change in Major Funds

The Improvement Revolving Fund and Capital Project Allocation Fund were previously reported as nonmajor funds but are now reported as major funds for fiscal year 2024. The effects of this change in major funds are shown in the table below.

December 31, 2024

Note 1 - Significant Accounting Policies (Continued)

Adjustments to and Restatements of Beginning Balances

During fiscal year 2024, the changes noted above resulted in adjustments to and restatements of beginning fund balance as follows:

	December 31, 2023		December 31, 2023	
	As Previously Reported	Movement of Improvement Revolving Fund from Nonmajor to Major	Movement of Capital Project Allocation Fund from Nonmajor to Major	As Restated
Governmental funds:				
Major funds:				
Improvement Revolving Fund	\$ -	\$ 5,568,812	\$ -	\$ 5,568,812
Capital Project Allocation Fund	-	-	11,874,839	11,874,839
Nonmajor funds	25,422,078	(5,568,812)	(11,874,839)	7,978,427

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, 2024	\$ (5,862,951)
Current year permit revenue	1,111,883
Related expenses:	
Direct costs	\$ 1,147,548
Estimated indirect costs	-
Current year shortfall	(35,665)
Cumulative shortfall December 31, 2024	\$ (5,898,616)

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	\$ 78,190,986	\$ 23,870,614	\$ 102,061,600	\$ 259,347,806	\$ 361,409,406	\$ 632,004

Note 3 - Deposits and Investments (Continued)

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

	Primary Government and Fiduciary Funds	Component Units
Deposits with financial institutions	\$ 76,395,323	\$ 632,004
Investments:		
Equity securities and mutual funds	133,405,207	-
Debt securities or funds	48,894,804	-
Short-term funds	53,914,502	-
Partnerships and investment trusts	48,799,570	-
Total	<u>\$ 361,409,406</u>	<u>\$ 632,004</u>

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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 \$52,361,259 (certificates of deposit and checking and savings accounts). Of that amount, \$2,514,602 was covered by federal depository insurance, and the remainder was uninsured and uncollateralized. The Township believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC) insurance, it is impractical to insure all deposits.

Interest Rate Risk

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

December 31, 2024

Note 3 - Deposits and Investments (Continued)

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

Government-wide Activities	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Negotiable certificates of deposit	\$ 3,644,654	\$ 3,644,654	\$ -	\$ -	\$ -
Fixed-income pool	30,525,769	30,525,769	-	-	-
Total	<u>\$ 34,170,423</u>	<u>\$ 34,170,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fiduciary Activities	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Agency securities	\$ 1,935,206	\$ -	\$ 391,752	\$ 759,276	\$ 784,178
Bonds	5,111,214	172,440	3,029,243	1,110,538	798,993
Total	<u>\$ 7,046,420</u>	<u>\$ 172,440</u>	<u>\$ 3,420,995</u>	<u>\$ 1,869,814</u>	<u>\$ 1,583,171</u>

Credit Risk

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

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Negotiable certificates of deposit	\$ 3,644,654	Not rated	N/A
Fixed-income pool	30,525,769	Not rated	N/A
Total	<u>\$ 34,170,423</u>		
Investment	Fair Value	Rating	Rating Organization
Fiduciary Funds			
Bonds	\$ 262,965	A-	S&P
Bonds	118,794	A+	S&P
Bonds	92,921	AA-	S&P
Bonds	145,190	B+	S&P
Bonds	96,829	BB	S&P
Bonds	610,269	BB+	S&P
Bonds	1,440,163	BBB	S&P
Bonds	1,818,625	BBB-	S&P
Bonds	525,458	BBB+	S&P
Agency securities	1,935,206	AA+	S&P
Total	<u>\$ 7,046,420</u>		

December 31, 2024

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 35 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.

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.

The Township has the following recurring fair value measurements as of December 31, 2024:

	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, 2024
Fixed-income funds	\$ 37,750,519	\$ 453,211	\$ -	\$ 38,203,730
Bonds	-	5,111,214	-	5,111,214
Equities	133,405,207	-	-	133,405,207
Pension manager short-term debt	-	23,266,493	-	23,266,493
Agency securities	-	1,935,206	-	1,935,206
Total investments by fair value level	<u>\$ 171,155,726</u>	<u>\$ 30,766,124</u>	<u>\$ -</u>	201,921,850
Investments measured at net asset value (NAV) - Publicly traded partnerships and investment trusts				<u>48,799,570</u>
Total investments measured at fair value				<u>\$ 250,721,420</u>

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, 2024 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.

December 31, 2024

Note 3 - Deposits and Investments (Continued)

Investments in Entities that Calculate Net Asset Value per Share

The Township holds shares or interests in investment companies where the fair value of the investments 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, 2024, 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
Publicly traded partnerships and investment trusts	\$ 48,799,570	\$ -	Monthly	30-60 days

The publicly traded partnerships and investments class includes investments in stocks within the foreign equity markets and funds that invest in large core global infrastructure asset. 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, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2024
Capital assets not being depreciated:					
Land	\$ 26,582,060	\$ -	\$ -	\$ -	\$ 26,582,060
Construction in progress	226,162	(226,162)	716,555	-	716,555
Subtotal	26,808,222	(226,162)	716,555	-	27,298,615
Capital assets being depreciated:					
Infrastructure	17,749,245	39,998	1,255,636	-	19,044,879
Buildings and improvements	33,492,748	-	398,835	-	33,891,583
Machinery and office equipment, vehicles, and other	30,351,226	186,164	2,105,535	(1,115,638)	31,527,287
Subtotal	81,593,219	226,162	3,760,006	(1,115,638)	84,463,749
Accumulated depreciation:					
Infrastructure	13,279,741	-	259,906	-	13,539,647
Buildings and improvements	18,035,147	-	722,411	-	18,757,558
Machinery and office equipment, vehicles, and other	22,213,556	-	1,685,400	(1,040,346)	22,858,610
Subtotal	53,528,444	-	2,667,717	(1,040,346)	55,155,815
Net capital assets being depreciated	28,064,775	226,162	1,092,289	(75,292)	29,307,934
Net governmental activities capital assets	\$ 54,872,997	\$ -	\$ 1,808,844	\$ (75,292)	\$ 56,606,549

Notes to Financial Statements

December 31, 2024

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance January 1, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2024
Capital assets not being depreciated:					
Land	\$ 3,267,097	\$ -	\$ -	\$ -	\$ 3,267,097
Construction in progress	10,846,063	-	2,117,840	-	12,963,903
Subtotal	14,113,160	-	2,117,840	-	16,231,000
Capital assets being depreciated:					
Lines and laterals	137,215,248	-	3,836,629	(767,305)	140,284,572
Buildings and improvements	25,433,087	-	35,126	-	25,468,213
Machinery and office equipment, vehicles, and other	8,895,428	-	929,258	(77,151)	9,747,535
Oakland-Macomb Interceptor joint assets	28,031,107	-	-	-	28,031,107
Subtotal	199,574,870	-	4,801,013	(844,456)	203,531,427
Accumulated depreciation:					
Lines and laterals	77,674,779	-	3,721,745	(767,305)	80,629,219
Buildings and improvements	15,941,931	-	538,039	-	16,479,970
Machinery and office equipment, vehicles, and other	4,874,567	-	689,405	(77,151)	5,486,821
Oakland-Macomb Interceptor joint assets	8,603,910	-	1,121,244	-	9,725,154
Subtotal	107,095,187	-	6,070,433	(844,456)	112,321,164
Net capital assets being depreciated	92,479,683	-	(1,269,420)	-	91,210,263
Net business-type activities capital assets	<u>\$ 106,592,843</u>	<u>\$ -</u>	<u>\$ 848,420</u>	<u>\$ -</u>	<u>\$ 107,441,263</u>

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

Governmental activities:	
General government	\$ 654,112
District court	78,183
Public safety	1,469,320
Community and economic development	31,994
Recreation and culture	434,108
Total governmental activities	<u>\$ 2,667,717</u>
Business-type activities - Water and sewer	<u>\$ 6,070,433</u>

Construction Commitments

The Township has two construction projects at December 31, 2024 for which the General Fund had spent in total \$883,080 and has a remaining commitment of \$278,121.

December 31, 2024

Note 5 - Interfund Transfers

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Fire Fund	\$ 1,685,855
	Police Fund	2,810,680
	Improvement Revolving Fund	8,808,771
	Capital Project Allocation Fund	3,350,000
	Other nonmajor governmental funds	282,056
	Total General Fund	16,937,362
Fire Fund	Capital Project Allocation Fund	1,525,000
Police Fund	Capital Project Allocation Fund	420,000
Police and Fire Special Assessment District Fund	Fire Fund	3,330,475
	Police Fund	4,087,452
	Total Police and Fire Special Assessment District Fund	7,417,927
Other nonmajor governmental funds	Capital Project Allocation Fund	20,000
	Total	\$ 26,320,289

The transfers from the General Fund to the Fire, Police, and certain nonmajor governmental funds (Parks and Recreation and Michigan Indigent Defense funds) represent the use of unrestricted resources to finance operations in accordance with budgetary authorizations. The transfer from the General Fund to the Improvement Revolving Fund is 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 represent prefunding for future identified capital project needs of each fund. The transfers from the Police and Fire Special Assessment District Fund 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, 2024 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Compensated absences	\$ 3,211,528	\$ 464,108	\$ -	\$ 3,675,636	\$ 3,675,636
Estimated liability for workers' compensation claims	575,198	281,272	(250,810)	605,660	238,375
Estimated liability for general liability claims	245,825	13,881	(62,441)	197,265	197,265
Total governmental activities long-term debt	\$ 4,032,551	\$ 759,261	\$ (313,251)	\$ 4,478,561	\$ 4,111,276

December 31, 2024

Note 6 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
Drinking Water Relief Fund:							
Series 2013A							
Amount of issue - \$6,994,654		\$335,000-					
Maturing through 2033	2.00%	\$394,225	\$ 3,614,225	\$ -	\$ (330,000)	\$ 3,284,225	\$ 335,000
Sewer Relief Fund:							
Series 2013B							
Amount of issue - \$4,130,000		\$200,000-					
Maturing through 2035	2.00%	\$246,324	2,656,324	-	(200,000)	2,456,324	200,000
Sewer Relief Fund:							
Series 2007-B							
Amount of issue - \$3,745,000		\$187,393-					
Maturing through 2027	1.63%	\$200,000	772,393	-	(190,000)	582,393	195,000
Drinking Water Relief Fund:							
Series 2007-C							
Amount of issue - \$8,905,000		\$505,000-					
Maturing through 2028	2.13%	\$538,831	2,578,831	-	(495,000)	2,083,831	505,000
Oakland-Macomb Sewer Interceptor:							
Series 2010A							
Amount of issue - \$5,653,540		\$189,797-					
Maturing through 2030	2.50%	\$220,084	1,617,318	-	(185,088)	1,432,230	189,797
Oakland-Macomb Sewer Interceptor:							
Series 2011							
Amount of issue - \$4,219,251		\$216,499-					
Maturing through 2033	2.50%	\$263,611	2,368,278	-	(211,540)	2,156,738	216,499
Oakland-Macomb Sewer Interceptor:							
Series 2013A							
Amount of issue - \$9,206,996		\$461,481-					
Maturing through 2034	2.00%	\$551,904	5,510,877	-	(453,000)	5,057,877	461,481
Oakland County Clinton River WRRF:							
Series 2017							
Amount of issue - \$3,006,307		\$136,581-					
Maturing through 2038	2.00%	\$179,390	2,354,145	-	(133,010)	2,221,135	136,581
Oakland-Macomb Sewer Interceptor:							
Series 2010B 2019 Refunded							
Amount of issue - \$607,082		\$55,862-					
Maturing through 2030	2.50%	\$67,304	421,996	-	(53,843)	368,153	55,862

December 31, 2024

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 Maturing through 2040	2.00%-5.00%	\$108,727- \$271,141	\$ 3,605,195	\$ -	\$ (103,662)	\$ 3,501,533	\$ 108,727
Oakland-Macomb Sewer Interceptor: CRWRRF 2023 Amount of issue - \$766,112 to date Maturing through 2046	1.875%	\$191,038- \$272,671	-	766,112	-	766,112	-
Oakland-Macomb Sewer Interceptor: CRWRRF 2024 Amount of issue - \$160,662 to date Maturing through 2047	2.50%	\$209,963- \$335,940	-	160,662	-	160,662	-
Total direct borrowings and direct placements principal outstanding			25,499,582	926,774	(2,355,143)	24,071,213	2,403,947
Compensated absences			444,500	30,060	-	474,560	474,560
Estimated liability for general liability claims			43,903	2,851	(11,241)	35,513	35,513
Total business-type activities long-term debt			<u>\$ 25,987,985</u>	<u>\$ 959,685</u>	<u>\$ (2,366,384)</u>	<u>\$ 24,581,286</u>	<u>\$ 2,914,020</u>

The tables above disclose the net change in the compensated absence liability of the Township.

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 \$8,883,426. During the current year, net revenue of the system was \$8,896,478, compared to annual debt requirements of \$1,400,503.

Other Long-term Liabilities

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

December 31, 2024

Note 6 - Long-term Debt (Continued)

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 \$3.9 million.

Debt Service Requirements to Maturity

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

Years Ending December 31	Business-type Activities		
	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2025	\$ 2,403,947	\$ 536,537	\$ 2,940,484
2026	2,519,179	484,824	3,004,003
2027	2,751,320	426,352	3,177,672
2028	2,791,270	348,238	3,139,508
2029	2,142,276	295,786	2,438,062
2030-2034	8,976,827	792,130	9,768,957
2035-2039	2,215,254	140,503	2,355,757
2040-2054	271,140	2,711	273,851
Total	<u>\$ 24,071,213</u>	<u>\$ 3,027,081</u>	<u>\$ 27,098,294</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.

December 31, 2024

Note 7 - Pension Plans (Continued)

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.

Employees Covered by Benefit Terms

At January 1, 2024, 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	187	191
Inactive plan members entitled to but not yet receiving benefits	-	19
Active plan members	38	44
Total employees covered by the plan	225	254

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, 2024, the active member contribution rate was 5.0 percent of annual pay for both plans. The Township's contribution rate was 44.7 and 21.2 percent of annual payroll for the Police and Fire Retirement System and the General Employees' Retirement System, respectively.

December 31, 2024

Note 7 - Pension Plans (Continued)

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.

	<u>Police and Fire Retirement System</u>	<u>General Employees' Retirement System</u>
Measurement date used for the Township's net pension liability	December 31, 2024	December 31, 2024
Based on a comprehensive actuarial valuation as of	January 1, 2024	January 1, 2024

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

Police and Fire Retirement System

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at January 1, 2024	\$ 120,741,280	\$ 108,729,512	\$ 12,011,768
Changes for the year:			
Service cost	915,918	-	915,918
Interest	7,914,323	-	7,914,323
Differences between expected and actual experience	(580,549)	-	(580,549)
Contributions - Employer	-	1,839,489	(1,839,489)
Contributions - Employee	-	224,751	(224,751)
Net investment income	-	7,178,222	(7,178,222)
Benefit payments, including refunds	(8,815,936)	(8,815,936)	-
Administrative expenses	-	(47,757)	47,757
Net changes	<u>(566,244)</u>	<u>378,769</u>	<u>(945,013)</u>
Balance at December 31, 2024	<u>\$ 120,175,036</u>	<u>\$ 109,108,281</u>	<u>\$ 11,066,755</u>

The plan's fiduciary net position represents 90.8 percent of the total pension liability.

December 31, 2024

Note 7 - Pension Plans (Continued)

General Employees' Retirement System

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at January 1, 2024	\$ 70,869,312	\$ 72,154,639	\$ (1,285,327)
Changes for the year:			
Service cost	465,218	-	465,218
Interest	4,483,736	-	4,483,736
Differences between expected and actual experience	(570,524)	-	(570,524)
Contributions - Employer	-	631,645	(631,645)
Contributions - Employee	-	4,039	(4,039)
Net investment income	-	9,931,112	(9,931,112)
Benefit payments, including refunds	(4,707,947)	(4,707,947)	-
Administrative expenses	-	(68,043)	68,043
Net changes	(329,517)	5,790,806	(6,120,323)
Balance at December 31, 2024	<u>\$ 70,539,795</u>	<u>\$ 77,945,445</u>	<u>\$ (7,405,650)</u>

The plan's fiduciary net position represents 110.5 percent of the total pension liability.

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

For the year ended December 31, 2024, the Township recognized aggregate pension cost recoveries of \$585,040 from all plans.

At December 31, 2024, 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	\$ 3,399,124	\$ -	\$ -	\$ 2,350,444

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

Years Ending December 31	Police and Fire	General Employees'	Total
2025	\$ 1,166,657	\$ (22,044)	\$ 1,144,613
2026	3,312,785	1,264,809	4,577,594
2027	(1,066,626)	(2,518,084)	(3,584,710)
2028	(13,692)	(1,075,125)	(1,088,817)
Total	<u>\$ 3,399,124</u>	<u>\$ (2,350,444)</u>	<u>\$ 1,048,680</u>

December 31, 2024

Note 7 - Pension Plans (Continued)

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	PubS-2010 with generational mortality improvements based on MP-2021

The actuarial assumptions used in the January 1, 2024 actuarial valuation date valuation were based on the results of actuarial experience studies for the period from 2013 to 2017.

Discount Rate

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

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

	Police and Fire Retirement System	General Employees' Retirement System
Assumed investment rate of return	6.75	6.50
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes
Discount rate used to measure total pension liability	6.75	6.50

Investment Rate of Return

Best estimates of geometric real rates of return as of the December 31, 2024 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Police and Fire Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	77.00 %	4.79 %
Fixed income	18.00	3.03
Real estate	2.00	3.73
Alternatives	3.00	7.27

December 31, 2024

Note 7 - Pension Plans (Continued)

General Employees' Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	49.00 %	4.79 %
Fixed income	35.00	3.03
Real estate	10.00	3.73
Private equity	6.00	7.27

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	\$ 23,429,738	\$ 11,066,755	\$ 658,314
Net pension asset of the General Employees' Retirement System	(214,093)	(7,405,650)	(13,440,044)
Total	<u>\$ 23,215,645</u>	<u>\$ 3,661,105</u>	<u>\$ (12,781,730)</u>

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, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.81 and 6.91 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.

December 31, 2024

Note 7 - Pension Plans (Continued)

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.

The balances of the reserve accounts at December 31, 2024 are as follows:

Police and Fire Retirement System

	Required Reserve	Amount Funded
Retiree reserve	\$ 84,285,446	\$ 84,285,446
Employee reserve	3,981,843	3,981,843
Employer reserve	-	20,840,992
Total	<u>\$ 88,267,289</u>	<u>\$ 109,108,281</u>

General Employees' Retirement System

	Required Reserve	Amount Funded
Retiree reserve	\$ 44,131,811	\$ 44,131,811
Employee reserve	112,695	112,695
Employer reserve	-	33,700,939
Total	<u>\$ 44,244,506</u>	<u>\$ 77,945,445</u>

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 10 DROP members at December 31, 2024.

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 member at December 31, 2024.

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, 2025, 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	316
Active plan members	186
	<hr/>
Total plan members	502
	<hr/> <hr/>

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 \$7,846,109, plus it contributed \$6,469,318 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, 2024 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, 2024 measurement date. The December 31, 2024 total OPEB liability was determined by an actuarial valuation performed as of January 1, 2025.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at January 1, 2024	\$ 113,577,429	\$ 52,313,723	\$ 61,263,706
Changes for the year:			
Service cost	1,747,881	-	1,747,881
Interest	7,245,161	-	7,245,161
Differences between expected and actual experience	(27,838,686)	-	(27,838,686)
Changes in assumptions	3,449,542	-	3,449,542
Contributions - Employer	-	14,315,427	(14,315,427)
Contributions - Employee	-	29,738	(29,738)
Net investment income	-	6,325,664	(6,325,664)
Benefit payments, including refunds	(7,846,109)	(7,846,109)	-
Administrative expenses	-	(18,130)	18,130
Net changes	(23,242,211)	12,806,590	(36,048,801)
Balance at December 31, 2024	<u>\$ 90,335,218</u>	<u>\$ 65,120,313</u>	<u>\$ 25,214,905</u>

The plan's fiduciary net position represents 72.1 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, 2024, the Township recognized OPEB cost recovery of \$8,884,388.

December 31, 2024

Note 8 - Other Postemployment Benefit Plan (Continued)

At December 31, 2024, 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	\$ 420,153	\$ 22,187,163
Changes in assumptions	3,516,516	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,185,279
Total	<u>\$ 3,936,669</u>	<u>\$ 23,372,442</u>

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

Years Ending December 31	Amount
2025	\$ (10,146,525)
2026	(7,497,434)
2027	(1,248,885)
2028	(542,929)
Total	<u>\$ (19,435,773)</u>

Actuarial Assumptions

The total OPEB liability in the January 1, 2025 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 2025, decreasing to an ultimate rate of 4.5 percent for 2039 and later years; and the Pub-2010 Mortality Tables fully generational using scale MP-2021. These assumptions were applied to all periods included in the measurement.

Discount Rate

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

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

December 31, 2024

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, 2024 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
Large-cap equity	4.52 %
Mid-cap equity	5.06
Small-cap equity	5.06
Developed markets equity	9.96
Emerging market equity	5.80
Private equity	7.27
Real estate	3.73
Farmland	2.51
Private credit	6.00
Domestic fixed income	2.40

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	\$ 35,256,914	\$ 25,214,905	\$ 16,793,497

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 2025, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent for 2039 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	\$ 16,467,613	\$ 25,214,905	\$ 35,679,124

December 31, 2024

Note 8 - Other Postemployment Benefit Plan (Continued)

Assumption Changes

The health care cost trend rate was set to 8.0 percent for 2025, decreasing by 0.5 percent per year down to 4.5 percent in year 2039 and later years. In the December 31, 2024 GASB 74 valuation, the health care cost trend rate was 8.0 percent for 2024, decreasing by 0.5 percent per year down to 4.5 percent for 2031 and later years.

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, 2024:

Asset Class	Target Allocation
Large-cap equity	30.00 %
Mid-cap equity	10.00
Small-cap equity	5.00
Developed markets equity	10.00
Emerging markets equity	5.00
Private equity	5.00
Real estate	5.00
Farmland	5.00
Private credit	5.00
Domestic fixed income	20.00
Total	100.00 %

Rate of Return

For the year ended December 31, 2024, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 12.07 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Notes to Financial Statements

December 31, 2024

Note 9 - Pension and Other Postemployment Benefit Trust Funds

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

	Police and Fire Retirement System	General Employees' Retirement System	Other Postemployment Benefits
Statement of Net Position			
Cash and cash equivalents	\$ 37,540	\$ 72,383	\$ 12,317
Fixed-income funds	19,714,912	18,035,607	7,499,631
Publicly traded partnerships	31,692,724	15,422,083	1,684,763
Stocks	50,052,734	42,058,623	41,293,850
Pension manager short-term funds	6,912,035	1,926,914	14,427,544
Accrued interest receivable	36,096	22,737	202,208
Prepaid items	662,240	407,098	-
Net position	<u>\$ 109,108,281</u>	<u>\$ 77,945,445</u>	<u>\$ 65,120,313</u>
Statement of Changes in Net Position			
Interest and dividends	\$ 4,697,648	\$ 1,463,523	\$ 2,966,307
Net increase in fair value of investments	2,895,270	8,820,092	3,631,597
Investment costs	(414,696)	(352,503)	(272,240)
Employer contributions	1,839,489	631,645	14,315,427
Employee contributions	224,751	4,039	29,738
Benefit payments	(8,815,936)	(4,707,947)	(7,846,109)
Administrative expenses	(47,757)	(68,043)	(18,130)
Net change in net position	<u>\$ 378,769</u>	<u>\$ 5,790,806</u>	<u>\$ 12,806,590</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 \$3,049,627 during the current year.

Note 11 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to general and auto liability, auto physical damage, and property loss claims. The Township is self-insured for workers' compensation claims.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

December 31, 2024

Note 11 - Risk Management (Continued)

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	
	2024	2023	2024	2023
Estimated liability - Beginning of year	\$ 289,728	\$ 294,109	\$ 575,198	\$ 488,991
Estimated claims incurred, including changes in estimates	16,732	129,577	281,272	277,597
Claim payments	(73,682)	(133,958)	(250,810)	(191,390)
Estimated liability - End of year	<u>\$ 232,778</u>	<u>\$ 289,728</u>	<u>\$ 605,660</u>	<u>\$ 575,198</u>

Note 12 - Conduit Debt Obligations

In October 2016, the Economic Development Corporation (EDC) secured financing for an unrelated entity in the amount of \$34,935,000. Typically, these borrowings are repayable only from the borrower's repayment of loans, undisbursed proceeds, and related interest earnings, and the Township has no obligation for this debt. Therefore, the conduit debt obligations are not recorded as liabilities of the Township. The total outstanding bonds as of December 31, 2024 were \$31,715,000.

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, 2024, the Township recognized the following related to its lessor agreements:

Lease revenue	\$ 168,190
Interest income related to its leases	118,518

Required Supplementary Information

Charter Township of Waterford

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with
	(Unaudited)	(Unaudited)	(Unaudited)	Amended Budget
				(Unaudited)
Revenue				
Property taxes	\$ 10,032,495	\$ 10,032,495	\$ 10,074,967	\$ 42,472
Intergovernmental	8,252,594	11,551,878	11,724,103	172,225
Charges for services	1,373,363	1,373,363	1,359,944	(13,419)
Fines and forfeitures	1,202,200	1,378,740	1,364,771	(13,969)
Licenses and permits	713,075	938,695	1,111,883	173,188
Investment income	657,244	1,081,618	1,247,154	165,536
Other revenue:				
Other miscellaneous income	192,015	250,260	270,137	19,877
Cable franchise fees	897,608	897,608	802,465	(95,143)
Refunds and reimbursements	152,500	745,776	1,335,690	589,914
Total revenue	23,473,094	28,250,433	29,291,114	1,040,681
Expenditures				
Current services:				
General government:				
Township board	64,567	64,567	65,048	(481)
Supervisor and assessing	1,307,421	1,389,557	1,356,527	33,030
Elections	575,868	575,868	440,165	135,703
Personnel	411,364	431,898	417,375	14,523
Information service	626,575	647,109	620,200	26,909
Treasurer	1,004,856	1,148,886	1,105,560	43,326
General service	2,223,810	2,364,373	1,934,505	429,868
Clerk	1,015,278	1,097,414	1,062,545	34,869
Retiree benefits	872,463	750,909	750,448	461
District court	3,104,049	3,330,080	3,162,048	168,032
Public safety:				
Police	64,705	64,705	38,456	26,249
Building inspection	1,585,887	1,637,163	1,494,238	142,925
Planning department	1,710,372	1,837,689	1,846,893	(9,204)
Capital outlay	255,012	303,610	211,630	91,980
Total expenditures	14,822,227	15,643,828	14,505,638	1,138,190
Excess of Revenue Over Expenditures	8,650,867	12,606,605	14,785,476	2,178,871
Other Financing (Uses) Sources				
Transfers out	(8,641,624)	(17,241,416)	(17,060,362)	181,054
Sale of capital assets	5,000	5,000	10,802	5,802
Total other financing uses	(8,636,624)	(17,236,416)	(17,049,560)	186,856
Net Change in Fund Balance	14,243	(4,629,811)	(2,264,084)	2,365,727
Fund Balance - Beginning of year	21,051,488	21,051,488	21,051,488	-
Fund Balance - End of year	<u>\$ 21,065,731</u>	<u>\$ 16,421,677</u>	<u>\$ 18,787,404</u>	<u>\$ 2,365,727</u>

Charter Township of Waterford

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

Year Ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 7,729,583	\$ 7,729,583	\$ 7,782,755	\$ 53,172
Intergovernmental	129,566	368,538	302,110	(66,428)
Charges for services	68,605	68,605	57,963	(10,642)
Fines and forfeitures	83,720	83,720	45,834	(37,886)
Licenses and permits	34,500	34,500	45,132	10,632
Investment income	93,752	263,927	280,251	16,324
Other revenue	404,475	404,475	381,701	(22,774)
Total revenue	8,544,201	8,953,348	8,895,746	(57,602)
Expenditures				
Current services - Public safety	16,293,635	15,172,766	14,866,497	306,269
Capital outlay	581,462	574,762	540,599	34,163
Total expenditures	16,875,097	15,747,528	15,407,096	340,432
Excess of Expenditures Over Revenue	(8,330,896)	(6,794,180)	(6,511,350)	282,830
Other Financing Sources (Uses)				
Transfers in	8,398,132	6,898,132	6,898,132	-
Transfers out	(70,000)	(420,000)	(420,000)	-
Sale of capital assets	8,500	8,500	2,800	(5,700)
Total other financing sources	8,336,632	6,486,632	6,480,932	(5,700)
Net Change in Fund Balance	5,736	(307,548)	(30,418)	277,130
Fund Balance - Beginning of year	4,318,513	4,318,513	4,318,513	-
Fund Balance - End of year	<u><u>\$ 4,324,249</u></u>	<u><u>\$ 4,010,965</u></u>	<u><u>\$ 4,288,095</u></u>	<u><u>\$ 277,130</u></u>

Charter Township of Waterford

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

Year Ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 6,904,903	\$ 6,904,903	\$ 6,954,217	\$ 49,314
Intergovernmental	24,755	24,755	363,309	338,554
Charges for services	11,678,891	11,915,312	12,002,112	86,800
Investment income	97,802	284,658	303,203	18,545
Other revenue	124,250	124,250	147,729	23,479
Total revenue	18,830,601	19,253,878	19,770,570	516,692
Expenditures				
Current services - Public safety	22,045,718	22,337,027	21,993,848	343,179
Capital outlay	1,504,000	1,060,826	863,299	197,527
Total expenditures	23,549,718	23,397,853	22,857,147	540,706
Excess of Expenditures Over Revenue	(4,719,117)	(4,143,975)	(3,086,577)	1,057,398
Other Financing Sources (Uses)				
Transfers in	5,016,330	5,016,330	5,016,330	-
Transfers out	(275,000)	(1,525,000)	(1,525,000)	-
Sale of capital assets	9,125	9,125	-	(9,125)
Total other financing sources	4,750,455	3,500,455	3,491,330	(9,125)
Net Change in Fund Balance	31,338	(643,520)	404,753	1,048,273
Fund Balance - Beginning of year	5,080,666	5,080,666	5,080,666	-
Fund Balance - End of year	<u>\$ 5,112,004</u>	<u>\$ 4,437,146</u>	<u>\$ 5,485,419</u>	<u>\$ 1,048,273</u>

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, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 7,408,427	\$ 7,408,427	\$ 7,446,016	\$ 37,589
Investment income	19,286	19,286	55,577	36,291
Total revenue	7,427,713	7,427,713	7,501,593	73,880
Expenditures	-	-	-	-
Excess of Revenue Over Expenditures	7,427,713	7,427,713	7,501,593	73,880
Other Financing Uses - Transfers out	(7,417,927)	(7,417,927)	(7,417,927)	-
Net Change in Fund Balance	9,786	9,786	83,666	73,880
Fund Balance - Beginning of year	136,101	136,101	136,101	-
Fund Balance - End of year	<u>\$ 145,887</u>	<u>\$ 145,887</u>	<u>\$ 219,767</u>	<u>\$ 73,880</u>

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										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 915,918	\$ 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
Interest	7,914,323	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
Differences between expected and actual experience	(580,549)	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	(8,815,936)	(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)
Net Change in Total Pension Liability	(566,244)	1,913,403	762,134	2,294,663	1,940,336	660,416	4,946,571	1,334,146	761,422	1,880,550
Total Pension Liability - Beginning of year	120,741,280	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
Total Pension Liability - End of year	\$ 120,175,036	\$ 120,741,280	\$ 118,827,877	\$ 118,065,743	\$ 115,771,080	\$ 113,830,744	\$ 113,170,328	\$ 108,223,757	\$ 106,889,611	\$ 106,128,189
Plan Fiduciary Net Position										
Contributions - Employer	\$ 1,839,489	\$ 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
Contributions - Member	224,751	244,303	318,173	303,661	375,095	338,105	359,818	381,439	367,992	395,861
Net investment income (loss)	7,178,222	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)
Administrative expenses	(47,757)	(61,417)	(68,211)	(25,979)	(43,891)	(43,298)	(561,214)	(458,499)	(452,779)	(522,512)
Benefit payments, including refunds	(8,815,936)	(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)
Net Change in Plan Fiduciary Net Position	378,769	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)
Plan Fiduciary Net Position - Beginning of year	108,729,512	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
Plan Fiduciary Net Position - End of year	\$ 109,108,281	\$ 108,729,512	\$ 102,931,431	\$ 122,373,663	\$ 109,095,825	\$ 100,321,017	\$ 87,358,532	\$ 97,481,518	\$ 88,760,298	\$ 82,844,748
Township's Net Pension Liability (Asset) - Ending	\$ 11,066,755	\$ 12,011,768	\$ 15,896,446	\$ (4,307,920)	\$ 6,675,255	\$ 13,509,727	\$ 25,811,796	\$ 10,742,239	\$ 18,129,313	\$ 23,283,441
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.79 %	90.05 %	86.62 %	103.65 %	94.23 %	88.13 %	77.19 %	90.07 %	83.04 %	78.06 %
Covered Payroll	\$ 4,111,568	\$ 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
Township's Net Pension Liability (Asset) as a Percentage of Covered Payroll	269.16 %	240.91 %	287.88 %	(74.45)%	112.06 %	222.37 %	401.64 %	169.31 %	272.56 %	342.66 %

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										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 465,218	\$ 496,896	\$ 521,939	\$ 472,473	\$ 525,397	\$ 589,506	\$ 700,386	\$ 783,877	\$ 820,172	\$ 900,676
Interest	4,483,736	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
Differences between expected and actual experience	(570,524)	(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	(4,707,947)	(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)
Net Change in Total Pension Liability	(329,517)	404,746	2,272,653	756,395	674,278	518,183	2,858,647	(818,079)	643,311	468,269
Total Pension Liability - Beginning of year	70,869,312	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
Total Pension Liability - End of year	\$ 70,539,795	\$ 70,869,312	\$ 70,464,566	\$ 68,191,913	\$ 67,435,518	\$ 66,761,240	\$ 66,243,057	\$ 63,384,410	\$ 64,202,489	\$ 63,559,178
Plan Fiduciary Net Position										
Contributions - Employer	\$ 631,645	\$ 657,020	\$ 606,783	\$ 858,317	\$ 984,672	\$ 761,758	\$ 674,987	\$ 989,146	\$ 1,249,587	\$ 1,555,154
Contributions - Member	4,039	3,605	3,771	5,120	6,333	8,742	11,627	11,489	14,822	17,565
Net investment income (loss)	9,931,112	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
Administrative expenses	(68,043)	(71,132)	(86,901)	(54,851)	(43,905)	(49,297)	(416,490)	(383,813)	(368,089)	(401,114)
Benefit payments, including refunds	(4,707,947)	(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)
Net Change in Plan Fiduciary Net Position	5,790,806	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)
Plan Fiduciary Net Position - Beginning of year	72,154,639	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
Plan Fiduciary Net Position - End of year	\$ 77,945,445	\$ 72,154,639	\$ 64,773,687	\$ 82,303,488	\$ 74,609,520	\$ 66,889,126	\$ 59,245,886	\$ 65,536,884	\$ 59,432,235	\$ 59,740,412
Township's Net Pension (Asset) Liability - Ending	\$ (7,405,650)	\$ (1,285,327)	\$ 5,690,879	\$ (14,111,575)	\$ (7,174,002)	\$ (127,886)	\$ 6,997,171	\$ (2,152,474)	\$ 4,770,254	\$ 3,818,766
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	110.50 %	101.81 %	91.92 %	120.69 %	110.64 %	100.19 %	89.44 %	103.40 %	92.57 %	93.99 %
Covered Payroll	\$ 2,968,744	\$ 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
Township's Net Pension (Asset) Liability as a Percentage of Covered Payroll	(249.45)%	(42.28)%	183.32 %	(400.49)%	(206.46)%	(3.38)%	178.89 %	(48.22)%	105.41 %	77.16 %

Charter Township of Waterford

Required Supplementary Information Schedule of Pension Contributions Police and Fire Retirement System

**Last Ten Fiscal Years
Years Ended December 31**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,839,489	\$ 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
Contributions in relation to the actuarially determined contribution	1,839,489	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
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,111,568	\$ 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
Contributions as a Percentage of Covered Payroll	44.74 %	46.49 %	52.49 %	52.74 %	55.88 %	50.15 %	44.37 %	46.44 %	47.93 %	48.03 %

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 fiscal year in which the contributions are reported. Specifically, the fiscal year 2024 contribution was determined from the January 1, 2023 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	12 years
Asset valuation method	4-year smoothed fair value 25 percent corridor
Inflation	3.5 percent wage inflation, 2.5 percent price inflation
Salary increase	3.5 to 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**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 631,645	\$ 657,020	\$ 606,783	\$ 858,317	\$ 984,672	\$ 761,758	\$ 674,987	\$ 989,146	\$ 1,249,587	\$ 1,555,154
Contributions in relation to the actuarially determined contribution	631,645	657,020	606,783	858,317	984,672	761,758	674,987	989,146	1,249,587	1,555,154
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,968,744	\$ 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
Contributions as a Percentage of Covered Payroll	21.28 %	21.61 %	19.55 %	24.36 %	28.34 %	20.11 %	17.26 %	22.16 %	27.61 %	31.42 %

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 fiscal year in which the contributions are reported. Specifically, the fiscal year 2024 contribution was determined from the January 1, 2023 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	10 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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return - Net of investment related expenses:										
Police and Fire Retirement System	6.81 %	12.02 %	(11.95)%	17.27 %	14.06 %	20.83 %	(5.56)%	15.54 %	7.10 %	(1.50)%
General Employees' Retirement System	6.91 %	17.97 %	(16.84)%	15.58 %	17.77 %	19.08 %	(3.74)%	15.99 %	4.70 %	1.30 %

Charter Township of Waterford

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

Last Eight Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 1,747,881	\$ 1,749,782	\$ 2,450,355	\$ 2,484,746	\$ 2,241,557	\$ 2,272,870	\$ 2,740,489	\$ 2,720,492
Interest	7,245,161	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	(27,838,686)	(10,884,118)	1,680,610	(14,894,207)	-	(22,661,591)	-	-
Changes in assumptions	3,449,542	2,517,382	1,510,782	-	-	2,858,591	-	-
Benefit payments, including refunds	(7,846,109)	(7,830,821)	(8,433,321)	(7,849,727)	(6,689,934)	(6,127,114)	(5,753,465)	(5,795,277)
Net Change in Total OPEB Liability	(23,242,211)	(6,762,443)	(30,448,671)	(9,903,773)	5,494,884	(12,858,849)	7,335,924	6,828,270
Total OPEB Liability - Beginning of year	113,577,429	120,339,872	150,788,543	160,692,316	155,197,432	168,056,281	160,720,357	153,892,087
Total OPEB Liability - End of year	\$ 90,335,218	\$ 113,577,429	\$ 120,339,872	\$ 150,788,543	\$ 160,692,316	\$ 155,197,432	\$ 168,056,281	\$ 160,720,357
Plan Fiduciary Net Position								
Contributions - Employer	\$ 14,315,427	\$ 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	29,738	31,328	38,627	45,990	53,019	53,342	54,245	54,831
Net investment income (loss)	6,325,664	6,308,028	(6,574,004)	5,442,761	3,523,484	3,641,920	(934,859)	1,431,730
Administrative expenses	(18,130)	(23,270)	(10,475)	(5,665)	(4,098)	(56,734)	(49,049)	(30,839)
Benefit payments, including refunds	(7,846,109)	(7,830,821)	(8,433,321)	(7,849,727)	(6,689,934)	(6,127,114)	(5,753,465)	(5,795,277)
Net Change in Plan Fiduciary Net Position	12,806,590	12,834,915	(1,601,422)	10,483,047	8,444,223	8,094,928	328,537	2,307,122
Plan Fiduciary Net Position - Beginning of year	52,313,723	39,478,808	41,080,230	30,597,183	22,152,960	14,058,032	13,729,495	11,422,373
Plan Fiduciary Net Position - End of year	\$ 65,120,313	\$ 52,313,723	\$ 39,478,808	\$ 41,080,230	\$ 30,597,183	\$ 22,152,960	\$ 14,058,032	\$ 13,729,495
Net OPEB Liability - Ending	\$ 25,214,905	\$ 61,263,706	\$ 80,861,064	\$ 109,708,313	\$ 130,095,133	\$ 133,044,472	\$ 153,998,249	\$ 146,990,862
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	72.09 %	46.06 %	32.81 %	27.24 %	19.04 %	14.27 %	8.37 %	8.54 %
Covered-employee Payroll	\$ 14,500,533	\$ 11,551,113	\$ 11,160,496	\$ 13,600,556	\$ 13,359,906	\$ 13,359,906	\$ 14,194,380	\$ -
Net OPEB Liability as a Percentage of Covered-employee Payroll	173.89 %	530.37 %	724.53 %	806.65 %	973.77 %	995.85 %	- %	- %

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

Charter Township of Waterford

Required Supplementary Information Schedule of OPEB Contributions

Last Ten Fiscal Years Years Ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 6,970,746	\$ 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
Contributions in relation to the actuarially determined contribution	14,315,427	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
Contribution Excess (Deficiency)	\$ 7,344,681	\$ 5,857,023	\$ 2,366,928	\$ 310,968	\$ (1,214,226)	\$ (2,226,736)	\$ (6,687,195)	\$ (7,041,675)	\$ (5,456,866)	\$ (6,396,127)
Covered-employee Payroll	\$ 14,500,533	\$ 11,551,113	\$ 11,160,496	\$ 13,600,556	\$ 13,359,906	\$ 13,359,906	\$ 14,194,380	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered-employee Payroll	98.72 %	124.23 %	119.87 %	94.48 %	86.54 %	- %	- %	- %	- %	- %

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	24 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

	Last Eight Fiscal Years*							
	Years Ended December 31							
	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	12.07 %	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, 2024

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	\$ 29,376,135	\$ 14,541,273	\$ (16,926,560)	\$ 21,056,209
Cemetery Care Fund	(36,800)	-	(60,000)	(1,124,315)
Workers' Compensation Fund	(48,221)	-	-	(1,117,125)
Senior Services Fund	-	(35,635)	(63,000)	(27,365)
Amounts per budget statement	<u>\$ 29,291,114</u>	<u>\$ 14,505,638</u>	<u>\$ (17,049,560)</u>	<u>\$ 18,787,404</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 - Township board	\$ 64,567	\$ 65,048	\$ (481)
General Fund - Planning department	1,837,689	1,846,893	(9,204)
Police Restricted Use Fund - Public safety	207,926	236,953	(29,027)
Police Restricted Use Fund - Capital outlay	-	264,970	(264,970)

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.

December 31, 2024

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 prior 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.

In 2024, the health care cost trend rate was set to 8.0 percent for 2025, decreasing by 0.25 percent per year down to 4.5 percent in year 2039 and later years. In the December 31, 2024 GASB 74 valuation, the health care cost trend rate was 8.0 percent for 2024, decreasing by 0.5 percent per year down to 4.5 percent for 2031 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.

Supplementary Information

Special Revenue Funds

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

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.

Charter Township of Waterford

	Special Revenue Funds						
	Community Development Block Grant	Library	Library Donations	Police Restricted Use	Nature Center	Cable Commission	Parks and Recreation
Assets							
Cash and investments	\$ 412,633	\$ 2,708,077	\$ 216,429	\$ 1,429,466	\$ 613,097	\$ 953,145	\$ 2,552,729
Receivables:							
Property taxes receivable	-	2,539,795	-	-	-	-	1,287,145
Due from other governments	259,270	10,413	-	-	-	-	4,793
Rehabilitation loan receivable	1,246,811	-	-	-	-	-	-
Prepaid items	-	131	-	-	-	-	60
Total assets	\$ 1,918,714	\$ 5,258,416	\$ 216,429	\$ 1,429,466	\$ 613,097	\$ 953,145	\$ 3,844,727
Liabilities							
Accounts payable	\$ 16,228	\$ 50,146	\$ -	\$ 75,790	\$ -	\$ 470	\$ 35,609
Refundable deposits, bonds, etc.	-	-	-	-	-	-	12,155
Accrued liabilities and other	-	65,370	-	-	-	3,783	58,921
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	16,228	115,516	-	75,790	-	4,253	106,685
Deferred Inflows of Resources							
Unavailable revenue	1,246,811	-	-	-	-	-	-
Property taxes levied for the following year	-	2,995,678	-	-	-	-	1,518,183
Total deferred inflows of resources	1,246,811	2,995,678	-	-	-	-	1,518,183
Total liabilities and deferred inflows of resources	1,263,039	3,111,194	-	75,790	-	4,253	1,624,868
Fund Balances							
Nonspendable - Prepaids	131	-	-	-	-	-	60
Restricted:							
Police	-	-	-	1,353,676	-	-	-
Community development	455,544	-	-	-	-	-	-
Library	-	2,147,222	216,429	-	-	-	-
Nature center	-	-	-	-	613,097	-	-
Opioid settlement	-	-	-	-	-	-	-
Michigan indigent defense	-	-	-	-	-	-	-
Assigned:							
Fiscal recovery	-	-	-	-	-	-	-
Cable-related projects	-	-	-	-	-	948,892	-
Community development	200,000	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	2,219,799
Total fund balances	655,675	2,147,222	216,429	1,353,676	613,097	948,892	2,219,859
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,918,714	\$ 5,258,416	\$ 216,429	\$ 1,429,466	\$ 613,097	\$ 953,145	\$ 3,844,727

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2024

Special Revenue Funds			
Michigan Indigent Defense	Grant	Opioid Settlement	Total
\$ 655,723	\$ 246,580	\$ 214,152	\$ 10,002,031
-	-	-	3,826,940
-	-	-	274,476
-	-	-	1,246,811
-	-	-	191
\$ 655,723	\$ 246,580	\$ 214,152	\$ 15,350,449
\$ 16,910	\$ -	\$ -	\$ 195,153
-	-	-	12,155
-	-	-	128,074
424,415	-	-	424,415
441,325	-	-	759,797
-	-	-	1,246,811
-	-	-	4,513,861
-	-	-	5,760,672
441,325	-	-	6,520,469
-	-	-	191
-	-	-	1,353,676
-	-	-	455,544
-	-	-	2,363,651
-	-	-	613,097
-	-	214,152	214,152
214,398	-	-	214,398
-	246,580	-	246,580
-	-	-	948,892
-	-	-	200,000
-	-	-	2,219,799
214,398	246,580	214,152	8,829,980
\$ 655,723	\$ 246,580	\$ 214,152	\$ 15,350,449

Charter Township of Waterford

	Special Revenue Funds						
	Community Development Block Grant	Library	Library Donations	Police Restricted Use	Nature Center	Cable Commission	Parks and Recreation
Revenue							
Property taxes	\$ -	\$ 2,804,006	\$ -	\$ -	\$ -	\$ -	\$ 1,290,669
Intergovernmental:							
Federal grants	582,196	-	-	325,622	-	-	363,497
State sources	-	83,625	-	78,000	-	-	241,034
Charges for services	-	-	-	-	-	346,685	471,398
Fines and forfeitures	-	117,342	-	-	-	-	-
Investment income	-	100,616	-	37,571	27,418	27,089	83,747
Other revenue:							
Local contributions	-	-	16,937	1,182	-	-	-
Other miscellaneous income	-	3,585	-	51,613	-	-	90,365
Cable franchise fees	-	-	-	-	-	99,181	-
Total revenue	582,196	3,109,174	16,937	493,988	27,418	472,955	2,540,710
Expenditures							
Current services:							
General government	-	-	-	-	-	334,905	-
Public safety	-	-	-	236,953	-	-	-
Community and economic development	579,236	-	-	-	-	-	-
Recreation and culture	-	2,610,430	9,615	-	-	-	2,181,492
Capital outlay	-	175,393	-	264,970	-	13,995	454,167
Total expenditures	579,236	2,785,823	9,615	501,923	-	348,900	2,635,659
Excess of Revenue Over (Under) Expenditures	2,960	323,351	7,322	(7,935)	27,418	124,055	(94,949)
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	250,000
Transfers out	-	-	-	-	-	-	(20,000)
Total other financing sources	-	-	-	-	-	-	230,000
Net Change in Fund Balances	2,960	323,351	7,322	(7,935)	27,418	124,055	135,051
Fund Balances - Beginning of year, as previously reported	652,715	1,823,871	209,107	1,361,611	585,679	824,837	2,084,808
Change within Financial Reporting Entity	-	-	-	-	-	-	-
Fund Balances - Beginning of year, as adjusted or restated	652,715	1,823,871	209,107	1,361,611	585,679	824,837	2,084,808
Fund Balances - End of year	\$ 655,675	\$ 2,147,222	\$ 216,429	\$ 1,353,676	\$ 613,097	\$ 948,892	\$ 2,219,859

Supplementary Information

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

Nonmajor Governmental Funds

Year Ended December 31, 2024

Special Revenue Funds			Capital Project Funds		Total
Michigan Indigent Defense	Grant	Opioid Settlement	Formerly Nonmajor - Improvement Revolving	Formerly Nonmajor - Capital Project Allocation	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,094,675
-	-	-	-	-	1,271,315
250,361	-	-	-	-	653,020
-	-	-	-	-	818,083
-	-	-	-	-	117,342
14,552	72,935	-	-	-	363,928
-	-	-	-	-	18,119
-	-	119,789	-	-	265,352
-	-	-	-	-	99,181
264,913	72,935	119,789	-	-	7,701,015
250,362	-	-	-	-	585,267
-	-	-	-	-	236,953
-	-	-	-	-	579,236
-	-	-	-	-	4,801,537
-	-	-	-	-	908,525
250,362	-	-	-	-	7,111,518
14,551	72,935	119,789	-	-	589,497
32,056	-	-	-	-	282,056
-	-	-	-	-	(20,000)
32,056	-	-	-	-	262,056
46,607	72,935	119,789	-	-	851,553
167,791	173,645	94,363	5,568,812	11,874,839	25,422,078
-	-	-	(5,568,812)	(11,874,839)	(17,443,651)
167,791	173,645	94,363	-	-	7,978,427
\$ 214,398	\$ 246,580	\$ 214,152	\$ -	\$ -	\$ 8,829,980

Charter Township of Waterford

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

Year Ended December 31, 2024

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Intergovernmental	\$ 595,000	\$ 595,000	\$ 582,196	\$ (12,804)
Expenditures - Current services - Community and economic development	653,950	653,950	579,236	74,714
Net Change in Fund Balance	(58,950)	(58,950)	2,960	61,910
Fund Balance - Beginning of year	652,715	652,715	652,715	-
Fund Balance - End of year	<u><u>\$ 593,765</u></u>	<u><u>\$ 593,765</u></u>	<u><u>\$ 655,675</u></u>	<u><u>\$ 61,910</u></u>

Charter Township of Waterford

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

Year Ended December 31, 2024

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 2,784,679	\$ 2,784,679	\$ 2,804,006	\$ 19,327
Intergovernmental	77,650	77,650	83,625	5,975
Fines and forfeitures	122,600	122,600	117,342	(5,258)
Investment income	26,599	70,167	100,616	30,449
Other revenue	1,605	1,605	3,585	1,980
Total revenue	3,013,133	3,056,701	3,109,174	52,473
Expenditures				
Current services - Recreation and culture - Library	2,772,288	2,955,076	2,610,430	344,646
Capital outlay	274,395	271,895	175,393	96,502
Total expenditures	3,046,683	3,226,971	2,785,823	441,148
Net Change in Fund Balance	(33,550)	(170,270)	323,351	493,621
Fund Balance - Beginning of year	1,823,871	1,823,871	1,823,871	-
Fund Balance - End of year	<u>\$ 1,790,321</u>	<u>\$ 1,653,601</u>	<u>\$ 2,147,222</u>	<u>\$ 493,621</u>

Charter Township of Waterford

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

Year Ended December 31, 2024

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Other revenue - Local donations	\$ 20,000	\$ 20,000	\$ 16,937	\$ (3,063)
Expenditures				
Current services - Recreation and culture - Library	10,000	10,000	9,615	385
Capital outlay	43,860	43,860	-	43,860
Total expenditures	53,860	53,860	9,615	44,245
Net Change in Fund Balance	(33,860)	(33,860)	7,322	41,182
Fund Balance - Beginning of year	209,107	209,107	209,107	-
Fund Balance - End of year	<u>\$ 175,247</u>	<u>\$ 175,247</u>	<u>\$ 216,429</u>	<u>\$ 41,182</u>

Charter Township of Waterford

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

Year Ended December 31, 2024

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 403,622	\$ 368,622
Investment income	10,000	10,000	37,571	27,571
Other revenue	23,000	23,000	52,795	29,795
Total revenue	68,000	68,000	493,988	425,988
Expenditures				
Current services - Public safety	207,926	207,926	236,953	(29,027)
Capital outlay	-	-	264,970	(264,970)
Total expenditures	207,926	207,926	501,923	(293,997)
Net Change in Fund Balance	(139,926)	(139,926)	(7,935)	131,991
Fund Balance - Beginning of year	1,361,611	1,361,611	1,361,611	-
Fund Balance - End of year	<u><u>\$ 1,221,685</u></u>	<u><u>\$ 1,221,685</u></u>	<u><u>\$ 1,353,676</u></u>	<u><u>\$ 131,991</u></u>

Charter Township of Waterford

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

Year Ended December 31, 2024

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Investment income	\$ 7,232	\$ 7,232	\$ 27,418	\$ 20,186
Expenditures	-	-	-	-
Net Change in Fund Balance	7,232	7,232	27,418	20,186
Fund Balance - Beginning of year	585,679	585,679	585,679	-
Fund Balance - End of year	<u>\$ 592,911</u>	<u>\$ 592,911</u>	<u>\$ 613,097</u>	<u>\$ 20,186</u>

Charter Township of Waterford

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

Year Ended December 31, 2024

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Charges for services	\$ 224,300	\$ 224,300	\$ 346,685	\$ 122,385
Investment income	7,071	7,071	27,089	20,018
Other revenue	110,910	110,910	99,181	(11,729)
Total revenue	342,281	342,281	472,955	130,674
Expenditures				
Current services - General government	365,498	365,498	334,905	30,593
Capital outlay	32,650	32,650	13,995	18,655
Total expenditures	398,148	398,148	348,900	49,248
Net Change in Fund Balance	(55,867)	(55,867)	124,055	179,922
Fund Balance - Beginning of year	824,837	824,837	824,837	-
Fund Balance - End of year	<u><u>\$ 768,970</u></u>	<u><u>\$ 768,970</u></u>	<u><u>\$ 948,892</u></u>	<u><u>\$ 179,922</u></u>

Charter Township of Waterford

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

Year Ended December 31, 2024

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 1,286,161	\$ 1,286,161	\$ 1,290,669	\$ 4,508
Intergovernmental	29,675	923,825	604,531	(319,294)
Charges for services	490,200	490,200	471,398	(18,802)
Investment income	20,615	75,747	83,747	8,000
Other revenue	25,000	25,000	90,365	65,365
Total revenue	1,851,651	2,800,933	2,540,710	(260,223)
Expenditures				
Current services - Recreation and culture	2,040,372	2,399,852	2,181,492	218,360
Capital outlay	106,500	803,515	454,167	349,348
Total expenditures	2,146,872	3,203,367	2,635,659	567,708
Excess of Expenditures Over Revenue	(295,221)	(402,434)	(94,949)	307,485
Other Financing Sources (Uses)				
Transfers in	250,000	250,000	250,000	-
Transfers out	(20,000)	(20,000)	(20,000)	-
Sale of capital assets	300	300	-	(300)
Total other financing sources	230,300	230,300	230,000	(300)
Net Change in Fund Balance	(64,921)	(172,134)	135,051	307,185
Fund Balance - Beginning of year	2,084,808	2,084,808	2,084,808	-
Fund Balance - End of year	<u>\$ 2,019,887</u>	<u>\$ 1,912,674</u>	<u>\$ 2,219,859</u>	<u>\$ 307,185</u>

Charter Township of Waterford

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

Year Ended December 31, 2024

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental	\$ 554,934	\$ 554,934	\$ 250,361	\$ (304,573)
Investment income	1,013	1,013	14,552	13,539
Total revenue	555,947	555,947	264,913	(291,034)
Expenditures - Current services - General government	578,936	591,349	250,362	340,987
Excess of Revenue (Under) Over Expenditures	(22,989)	(35,402)	14,551	49,953
Other Financing Sources - Transfers in	24,042	32,057	32,056	(1)
Net Change in Fund Balance	1,053	(3,345)	46,607	49,952
Fund Balance - Beginning of year	167,791	167,791	167,791	-
Fund Balance - End of year	<u><u>\$ 168,844</u></u>	<u><u>\$ 164,446</u></u>	<u><u>\$ 214,398</u></u>	<u><u>\$ 49,952</u></u>

Charter Township of Waterford

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

Year Ended December 31, 2024

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental	\$ 8,079,812	\$ -	\$ -	\$ -
Investment income	50,000	86,000	72,935	(13,065)
Total revenue	8,129,812	86,000	72,935	(13,065)
Expenditures - Current services - General government	8,079,812	-	-	-
Net Change in Fund Balance	50,000	86,000	72,935	(13,065)
Fund Balance - Beginning of year	173,645	173,645	173,645	-
Fund Balance - End of year	<u>\$ 223,645</u>	<u>\$ 259,645</u>	<u>\$ 246,580</u>	<u>\$ (13,065)</u>

Charter Township of Waterford

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

Year Ended December 31, 2024

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue	\$ -	\$ -	\$ 119,789	\$ 119,789
Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	119,789	119,789
Fund Balance - Beginning of year	94,363	94,363	94,363	-
Fund Balance - End of year	<u>\$ 94,363</u>	<u>\$ 94,363</u>	<u>\$ 214,152</u>	<u>\$ 119,789</u>

Charter Township of Waterford

Supplementary Information Budgetary Comparison Schedule - Major Capital Project Governmental Funds Improvement Revolving

Year Ended December 31, 2024

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental	\$ 156,000	\$ 156,000	\$ 7,500	\$ (148,500)
Licenses and permits	42,500	42,500	36,251	(6,249)
Investment income	43,838	277,429	305,116	27,687
Other revenue	10,000	10,000	25,000	15,000
Total revenue	252,338	485,929	373,867	(112,062)
Expenditures				
Current services - General government	417,601	2,632,566	179,363	2,453,203
Capital outlay	1,230,500	6,178,221	2,288,343	3,889,878
Total expenditures	1,648,101	8,810,787	2,467,706	6,343,081
Excess of Expenditures Over Revenue	(1,395,763)	(8,324,858)	(2,093,839)	6,231,019
Other Financing Sources				
Transfers in	1,500,000	8,830,012	8,808,771	(21,241)
Sale of capital assets	-	-	27,503	27,503
Total other financing sources	1,500,000	8,830,012	8,836,274	6,262
Net Change in Fund Balance	104,237	505,154	6,742,435	6,237,281
Fund Balance - Beginning of year	5,568,812	5,568,812	5,568,812	-
Fund Balance - End of year	\$ 5,673,049	\$ 6,073,966	\$ 12,311,247	\$ 6,237,281

Charter Township of Waterford

Supplementary Information Budgetary Comparison Schedule - Major Capital Project Governmental Funds (Continued) Capital Project Allocation

Year Ended December 31, 2024

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Investment income	\$ 55,793	\$ 55,793	\$ 388,425	\$ 332,632
Expenditures - Capital outlay	212,001	346,001	37,320	308,681
Excess of Revenue (Under) Over Expenditures	(156,208)	(290,208)	351,105	641,313
Other Financing Sources - Transfers in	965,001	5,315,001	5,315,000	(1)
Net Change in Fund Balance	808,793	5,024,793	5,666,105	641,312
Fund Balance - Beginning of year	11,874,839	11,874,839	11,874,839	-
Fund Balance - End of year	<u><u>\$ 12,683,632</u></u>	<u><u>\$ 16,899,632</u></u>	<u><u>\$ 17,540,944</u></u>	<u><u>\$ 641,312</u></u>

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

Custodial Funds

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

Pension and Other Postemployment Trust Funds

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

Charter Township of Waterford

Supplementary Information Combining Statement of Fiduciary Net Position Fiduciary Funds

December 31, 2024

	Pension and Other Postemployment Benefit Trust Funds				Custodial Funds			
	Police and Fire Pension	General Employees' Pension	Other Postemployment Benefit Trust	Total	Tax Collections	District Court	Weed Control	Total
Assets								
Cash and cash equivalents	\$ 37,540	\$ 72,383	\$ 12,317	\$ 122,240	\$ 7,884,749	\$ 58,782	\$ 560,615	\$ 8,504,146
Investments:								
Fixed-income funds	19,714,912	18,035,607	7,499,631	45,250,150	-	-	-	-
Publicly traded partnerships and investment trusts	31,692,724	15,422,083	1,684,763	48,799,570	-	-	-	-
Equities	50,052,734	42,058,623	41,293,850	133,405,207	-	-	-	-
Pension manager short-term funds	6,912,035	1,926,914	14,427,544	23,266,493	-	-	-	-
Receivables:								
Property taxes receivable	-	-	-	-	8,213,220	-	-	8,213,220
Special assessments receivable	-	-	-	-	-	-	231,092	231,092
Accrued interest receivable	36,096	22,737	202,208	261,041	-	-	-	-
Prepaid items	662,240	407,098	-	1,069,338	-	-	-	-
Total assets	109,108,281	77,945,445	65,120,313	252,174,039	16,097,969	58,782	791,707	16,948,458
Liabilities								
Accounts payable	-	-	-	-	-	-	10,518	10,518
Due to other governmental units	-	-	-	-	7,837,044	-	-	7,837,044
Accrued liabilities and other	-	-	-	-	47,707	58,782	-	106,489
Total liabilities	-	-	-	-	7,884,751	58,782	10,518	7,954,051
Deferred Inflows of Resources - Property taxes and special assessments levied for the following year	-	-	-	-	8,213,218	-	284,455	8,497,673
Total liabilities and deferred inflows of resources	-	-	-	-	16,097,969	58,782	294,973	16,451,724
Net Position								
Restricted:								
Pension	109,108,281	77,945,445	-	187,053,726	-	-	-	-
Postemployment benefits other than pension	-	-	65,120,313	65,120,313	-	-	-	-
Individuals, organizations, and other governments	-	-	-	-	-	-	496,734	496,734
Total net position	<u>\$ 109,108,281</u>	<u>\$ 77,945,445</u>	<u>\$ 65,120,313</u>	<u>\$ 252,174,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 496,734</u>	<u>\$ 496,734</u>

Charter Township of Waterford

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

Year Ended December 31, 2024

	Pension and Other Postemployment Benefit Trust Funds				Custodial Funds			
	Police and Fire Pension	General Employees' Pension	Other Postemployment Benefit Trust	Total	Tax Collections	District Court	Weed Control	Total
Additions								
Investment income (loss):								
Interest and dividends	\$ 4,697,648	\$ 1,463,523	\$ 2,966,307	\$ 9,127,478	\$ -	\$ -	\$ -	\$ -
Net increase in fair value of investments	2,895,270	8,820,092	3,631,597	15,346,959	-	-	-	-
Investment costs	(414,696)	(352,503)	(272,240)	(1,039,439)	-	-	-	-
Net investment income	7,178,222	9,931,112	6,325,664	23,434,998	-	-	-	-
Contributions:								
Employer contributions	1,839,489	631,645	14,315,427	16,786,561	-	-	-	-
Employee contributions	224,751	4,039	29,738	258,528	-	-	-	-
Total contributions	2,064,240	635,684	14,345,165	17,045,089	-	-	-	-
Property tax collections for other governments	-	-	-	-	92,260,960	-	-	92,260,960
Special assessments	-	-	-	-	-	-	384,662	384,662
District court receipts	-	-	-	-	-	656,641	-	656,641
Total additions	9,242,462	10,566,796	20,670,829	40,480,087	92,260,960	656,641	384,662	93,302,263
Deductions								
Benefit payments	8,815,936	4,707,947	7,846,109	21,369,992	-	-	-	-
Administrative expenses	47,757	68,043	18,130	133,930	-	-	-	-
Tax distributions to other governments	-	-	-	-	92,260,960	-	-	92,260,960
Weed control	-	-	-	-	-	-	340,474	340,474
District court disbursements	-	-	-	-	-	656,641	-	656,641
Total deductions	8,863,693	4,775,990	7,864,239	21,503,922	92,260,960	656,641	340,474	93,258,075
Net Increase in Fiduciary Net Position	378,769	5,790,806	12,806,590	18,976,165	-	-	44,188	44,188
Net Position - Beginning of year	108,729,512	72,154,639	52,313,723	233,197,874	-	-	452,546	452,546
Net Position - End of year	<u>\$ 109,108,281</u>	<u>\$ 77,945,445</u>	<u>\$ 65,120,313</u>	<u>\$ 252,174,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 496,734</u>	<u>\$ 496,734</u>

Statistical Section

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

1. Financial Trend Information

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

2. Revenue Capacity Information

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

3. Debt Capacity Information

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

4. Demographic and Economic Information

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

5. Operating Information

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

Charter Township of Waterford

	As of December 31,			
	2015 *	2016	2017	2018 **
Governmental Activities:				
Net investment in capital assets	\$ 47,424,323	\$ 47,755,197	\$ 49,917,271	\$ 51,276,047
Restricted	5,512,742	5,573,050	5,006,923	5,027,552
Unrestricted	(35,750,457)	(40,613,351)	(43,621,655)	(132,654,683)
Total net position	<u>\$ 37,484,651</u>	<u>\$ 17,186,608</u>	<u>\$ 12,714,896</u>	<u>\$ 11,302,539</u>
Business-type Activities:				
Net investment in capital assets	\$ 75,365,037	\$ 76,149,383	\$ 77,300,259	\$ 78,449,817
Restricted	2,998,522	1,098,158	2,342,415	1,572,136
Unrestricted	13,754,631	15,948,494	15,485,980	3,544,020
Total net position	<u>\$ 91,955,732</u>	<u>\$ 92,118,190</u>	<u>\$ 93,196,035</u>	<u>\$ 95,128,654</u>
Primary Government in Total:				
Net investment in capital assets	\$ 122,789,360	\$ 123,904,580	\$ 127,217,530	\$ 129,725,864
Restricted	8,511,264	6,671,208	7,349,338	6,599,688
Unrestricted	(21,995,826)	(24,664,857)	(28,135,675)	(129,110,663)
Total net position	<u>\$ 109,304,798</u>	<u>\$ 105,910,931</u>	<u>\$ 106,431,193</u>	<u>\$ 7,214,889</u>

Source: Township's annual financial statements

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

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

Net Position by Component

Last Ten Fiscal Years
(Unaudited)

As of December 31,					
2019	2020	2021	2022	2023	2024
\$ 50,863,258	\$ 51,139,451	\$ 52,629,567	\$ 53,667,473	\$ 54,872,997	\$ 56,606,549
4,947,475	4,779,142	4,668,478	5,202,192	6,810,763	11,179,535
(122,242,179)	(106,615,527)	(82,653,824)	(39,788,292)	(17,017,269)	12,353,230
\$ (76,351,084)	\$ (66,431,446)	\$ (50,696,934)	\$ 19,081,373	\$ 44,666,491	\$ 80,139,314
\$ 78,011,843	\$ 73,861,071	\$ 79,466,052	\$ 80,075,882	\$ 81,093,262	\$ 83,370,050
786,958	6,253,705	386,799	312,153	2,324,205	4,558,767
4,891,823	9,580,664	13,437,291	21,977,727	23,714,722	27,144,134
\$ 83,565,973	\$ 83,690,624	\$ 89,695,440	\$ 102,365,762	\$ 107,132,189	\$ 115,072,951
\$ 128,875,101	\$ 125,000,522	\$ 132,095,619	\$ 133,743,355	\$ 135,966,259	\$ 139,976,599
5,734,433	11,032,847	5,055,277	5,514,345	9,134,968	15,738,302
(117,350,356)	(97,034,863)	(69,216,533)	(17,810,565)	6,697,453	39,497,364
\$ 17,259,178	\$ 38,998,506	\$ 67,934,363	\$ 121,447,135	\$ 151,798,680	\$ 195,212,265

Charter Township of Waterford

	As of December 31,			
	2015	2016	2017	2018
Expenses:				
General government	\$ 8,468,129	\$ 10,008,883	\$ 9,566,130	\$ 5,361,318
District Court	2,023,796	2,060,646	1,950,465	2,772,032
Police and fire	33,814,996	32,607,963	31,148,383	38,386,451
Building inspection	1,137,157	1,128,343	1,299,693	1,273,845
Public works activities	341,865	447,811	644,788	818,722
Community & economic development	1,365,836	1,436,840	1,237,013	1,763,727
Recreation and culture	4,106,423	4,235,473	4,457,445	5,146,552
Interest on long-term debt	170,170	144,707	142,935	82,835
Total expenses	51,428,372	52,070,666	50,446,852	55,605,482
Program revenues:				
Charges for services				
General government	1,832,510	1,952,187	737,664	754,514
District Court	1,037,257	1,072,440	1,089,797	1,114,223
Police and fire	8,366,943	8,486,146	9,074,822	9,436,126
Building inspection	594,148	667,341	703,837	1,142,404
Community & economic development	131,393	119,145	372,302	367,586
Recreation and culture	1,368,111	1,345,423	1,127,118	1,145,407
Other activities	544,191	534,973	55,708	54,745
Total charges for services	13,874,553	14,177,655	13,161,248	14,015,005
Operating grants and contributions	4,841,171	2,652,932	4,241,920	4,678,239
Capital grants and contributions	38	32,731	5,000	10,940
Total program revenue	18,715,762	16,863,318	17,408,168	18,704,184
Excess of Expenses Over Program Revenue	(32,712,610)	(35,207,348)	(33,038,684)	(36,901,298)
General revenues:				
Property taxes	22,021,348	22,553,997	22,825,673	23,246,943
State-shared revenues	5,764,563	5,913,916	6,403,176	6,603,644
Unrestricted investment earnings/(loss)	176,563	194,776	262,207	422,183
Franchise fees	1,250,899	1,243,092	1,210,578	1,141,743
Miscellaneous	491,375	829,855	924,693	633,459
Total general revenues	29,704,748	30,735,636	31,626,327	32,047,972
Change in net position	\$ (3,007,862)	\$ (4,471,712)	\$ (1,412,357)	\$ (4,853,326)

Source: Township's annual financial statements

Changes in Governmental Net Position

**Last Ten Fiscal Years
(Unaudited)**

As of December 31,					
2019	2020	2021	2022	2023	2024
\$ 2,692,313	\$ 2,654,531	\$ (1,922,889)	\$ (6,821,859)	\$ 690,844	\$ (2,526,407)
2,570,218	2,230,009	2,022,200	626,694	2,450,951	1,968,757
33,854,132	28,832,069	24,350,585	14,142,198	30,532,105	28,025,440
1,252,993	1,181,691	1,366,187	1,550,658	1,538,685	1,534,011
670,260	671,591	835,880	815,804	1,013,886	998,753
1,817,024	1,704,205	1,692,262	1,791,348	1,851,045	2,199,710
3,718,735	3,467,112	3,161,179	3,223,617	4,284,571	4,210,376
17,504	10,947	6,132	-	-	-
46,593,179	40,752,155	31,511,536	15,328,460	42,362,087	36,410,640
794,252	796,647	928,228	849,906	920,117	898,670
1,041,707	785,457	922,189	925,456	1,000,594	1,100,178
9,908,858	9,833,873	10,554,004	11,242,376	11,728,079	12,132,807
877,047	592,755	801,177	891,282	1,400,857	1,045,737
374,292	325,042	412,847	425,285	484,012	425,683
1,177,979	275,601	493,291	554,156	601,337	588,740
42,422	85,405	108,158	126,964	144,209	127,447
14,216,557	12,694,780	14,219,894	15,015,425	16,279,205	16,319,262
3,919,115	5,345,093	1,853,478	2,596,509	6,908,054	6,549,190
14,501	100	-	3,604	-	-
18,150,173	18,039,973	16,073,372	17,615,538	23,187,259	22,868,452
(28,443,006)	(22,712,182)	(15,438,164)	2,287,078	(19,174,828)	(13,542,188)
28,639,060	29,685,147	30,940,036	31,598,326	33,489,976	36,366,359
6,852,470	6,796,110	7,896,046	8,325,179	8,184,277	8,186,865
722,751	636,814	344,527	395,000	1,249,495	2,523,636
1,131,587	1,099,017	1,103,363	1,065,646	1,015,197	901,646
1,016,776	560,053	495,347	765,923	821,001	1,036,505
38,362,644	38,777,141	40,779,319	42,150,074	44,759,946	49,015,011
\$ 9,919,638	\$ 16,064,959	\$ 25,341,155	\$ 44,437,152	\$ 25,585,118	\$ 35,472,823

Charter Township of Waterford

	As of December 31,			
	2015	2016	2017	2018
Expenses:				
Water and Sewer	\$ 21,864,839	\$ 22,259,833	\$ 22,923,487	\$ 23,539,334
Program revenues:				
Charges for services	21,668,331	23,010,690	23,007,438	23,500,611
Operating grants and contributions	-	-	469,295	348,335
Capital grants and contributions	750,175	219,089	1,131,554	902,428
Total program revenue	<u>22,418,506</u>	<u>23,229,779</u>	<u>24,608,287</u>	<u>24,751,374</u>
Excess(Shortage) of Program Revenue over Expense	553,667	969,946	1,684,800	1,212,040
General revenues:				
Gain (loss) on sale of assets	-	-	101,451	12,012
Investment income (loss)	114,119	107,899	146,368	314,230
Total nonoperating revenue (expense)	<u>114,119</u>	<u>107,899</u>	<u>247,819</u>	<u>326,242</u>
Change in Net Position	<u>667,786</u>	<u>1,077,845</u>	<u>1,932,619</u>	<u>1,538,282</u>
Change in Primary Government Net Position				
Change in governmental net position	(3,007,862)	(4,471,712)	(1,412,357)	(4,853,326)
Change in business-type net position	667,786	1,077,845	1,932,619	1,538,282
Total change in primary government net position	<u>\$ (2,340,076)</u>	<u>\$ (3,393,867)</u>	<u>\$ 520,262</u>	<u>\$ (3,315,044)</u>

Source: Township's annual financial statements

Changes in Business-type Net Position

Last Ten Fiscal Years
(Unaudited)

As of December 31,					
2019	2020	2021	2022	2023	2024
\$ 24,948,601	\$ 20,672,535	\$ 21,568,014	\$ 19,136,303	\$ 24,227,169	\$ 22,508,046
24,094,412	25,273,736	24,598,873	27,294,851	26,268,787	27,409,516
124,560	-	-	-	-	-
493,232	874,883	705,443	744,296	1,959,935	2,002,024
24,712,204	26,148,619	25,304,316	28,039,147	28,228,722	29,411,540
(236,397)	5,476,084	3,736,302	8,902,844	4,001,553	6,903,494
53,598	8,593	-	-	24,994	405
307,450	520,139	(141,600)	172,776	739,880	1,036,863
361,048	528,732	(141,600)	172,776	764,874	1,037,268
124,651	6,004,816	3,594,702	9,075,620	4,766,427	7,940,762
9,919,638	16,064,959	25,341,155	44,437,152	25,585,118	35,472,823
124,651	6,004,816	3,594,702	9,075,620	4,766,427	7,940,762
\$ 10,044,289	\$ 22,069,775	\$ 28,935,857	\$ 53,512,772	\$ 30,351,545	\$ 43,413,585

Charter Township of Waterford

	As of December 31,			
	2015	2016	2017	2018
General Fund:				
Nonspendable	176,681	96,798	192,148	68,596
Committed	2,125,140	2,551,284	2,745,602	3,070,045
Assigned	-	64,373	534,566	-
Unassigned	5,804,705	7,254,216	6,154,494	7,607,096
Total general fund	8,106,526	9,966,671	9,626,810	10,745,737
All other governmental funds:				
Nonspendable	271,341	2,668	276,216	3
Restricted	4,029,098	4,018,863	3,812,681	3,901,915
Committed	145,000	441,499	591,235	1,054,391
Assigned	7,820,864	9,348,667	10,165,176	11,232,977
Total General Fund and all other governmental funds	\$ 20,372,829	\$ 23,778,368	\$ 24,472,118	\$ 26,935,023

Source: Township's annual financial statements

Fund Balances - Governmental Funds

**Last Ten Fiscal Years
(Unaudited)**

As of December 31,					
2019	2020	2021	2022	2023	2024
87,676	6,409	191,834	168,774	135,765	213,289
3,549,529	4,375,238	5,557,955	5,713,569	5,872,230	6,017,251
-	-	-	-	-	-
8,532,520	10,891,425	11,867,889	12,653,726	17,139,912	14,825,669
12,169,725	15,273,072	17,617,678	18,536,069	23,147,907	21,056,209
997,588	1,014,422	524,524	552,991	537,241	538,486
3,816,298	3,603,925	3,097,049	4,001,601	4,831,238	5,433,923
3,246,590	4,746,898	6,131,864	7,308,347	11,337,598	17,003,702
13,578,378	13,942,511	14,929,924	16,540,653	18,251,281	25,699,341
\$ 33,808,579	\$ 38,580,828	\$ 42,301,039	\$ 46,939,661	\$ 58,105,265	\$ 69,731,661

Charter Township of Waterford

	As of December 31,			
	2015	2016	2017	2018
Revenue				
Property taxes	\$ 22,039,689	\$ 22,528,159	\$ 22,828,163	\$ 23,242,014
Intergovernmental revenue	9,711,390	8,685,835	10,706,072	11,033,711
Licenses and permits	612,176	696,992	723,426	1,226,493
Fines and forfeitures	1,507,749	1,501,791	1,576,247	1,576,665
Charges for services	10,749,411	10,847,802	11,226,029	11,490,680
Special assessments	855,076	837,264	328,236	322,266
Interest and miscellaneous	2,907,439	3,052,781	3,578,267	3,210,417
Total revenue	48,382,930	48,150,624	50,966,440	52,102,246
Expenditures				
Current:				
General government and district court	7,185,480	7,796,775	9,019,979	7,898,940
Public safety	29,746,712	29,410,301	32,110,975	32,779,431
Community and economic development	1,300,250	1,357,980	1,273,026	1,475,980
Recreation and culture	3,593,989	3,618,730	3,798,000	3,793,252
Miscellaneous	-	-	53,953	179,578
Capital outlay	1,893,200	1,372,641	2,601,873	1,732,409
Debt administration:				
Principal	1,232,932	1,344,032	1,404,429	1,710,008
Interest	164,731	127,970	149,663	83,210
Total expenditures	45,117,294	45,028,429	50,411,898	49,652,808
Excess of Revenue Over (Under) Expenditures	3,265,636	3,122,195	554,542	2,449,438
Other Financing Sources (Uses)				
Face value of debt issue	-	276,699	-	-
Proceeds from sale of capital assets	10,600	6,645	139,208	13,467
Transfers in	8,267,500	9,007,500	10,067,500	9,202,500
Transfers out	(8,267,500)	(9,007,500)	(10,067,500)	(9,202,500)
Total other financing sources (uses)	10,600	283,344	139,208	13,467
Net change in fund balances	3,276,236	3,405,539	693,750	2,462,905
Fund Balances - Beginning of year	17,096,593	20,372,829	23,778,368	24,472,118
Fund Balances - End of year	\$ 20,372,829	\$ 23,778,368	\$ 24,472,118	\$ 26,935,023
Debt service as a percentage of noncapital expenditures	3.23%	3.37%	3.25%	3.74%

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

Source: Township's annual financial statements

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(Unaudited)

As of December 31,					
2019	2020	2021	2022	2023	2024
\$ 28,647,354	\$ 29,676,669	\$ 30,948,924	\$ 31,569,832	\$ 33,501,404	\$ 36,352,630
10,464,386	11,379,894	9,507,515	10,343,745	14,943,243	14,321,357
972,933	664,630	901,237	992,605	1,538,600	1,193,266
1,539,971	1,144,655	1,490,579	1,398,246	1,542,805	1,527,947
11,858,005	11,255,309	12,381,995	13,062,468	13,736,090	14,244,702
324,748	17,157	16,146	15,845	7,864	-
4,035,063	3,528,812	3,268,441	3,871,211	4,236,196	6,367,449
57,842,460	57,667,126	58,514,837	61,253,952	69,506,202	74,007,351
8,659,899	9,274,752	9,120,624	10,898,626	10,895,253	11,891,215
34,114,138	35,164,379	35,560,835	35,998,364	36,679,684	38,629,992
1,798,749	1,972,888	2,299,651	2,110,788	2,112,419	2,443,392
4,222,055	3,491,142	3,740,494	3,864,456	4,336,833	4,801,537
98,693	116,028	32,882	127,453	240,994	179,363
2,178,085	2,446,302	3,786,632	3,627,478	4,089,168	4,476,561
119,162	123,654	265,457	-	-	-
13,272	10,106	7,254	-	-	-
51,204,053	52,599,251	54,813,829	56,627,165	58,354,351	62,422,060
6,638,407	5,067,875	3,701,008	4,626,787	11,151,851	11,585,291
-	-	-	-	-	-
235,149	34,821	19,203	11,835	13,753	41,105
17,607,398	15,138,190	15,979,140	16,196,422	19,585,230	26,320,289
(17,607,398)	(15,138,190)	(15,979,140)	(16,196,422)	(19,585,230)	(26,320,289)
235,149	34,821	19,203	11,835	13,753	41,105
6,873,556	5,102,696	3,720,211	4,638,622	11,165,604	11,626,396
26,935,023	33,478,132	38,580,828	42,301,039	46,939,661	58,105,265
\$ 33,808,579	\$ 38,580,828	\$ 42,301,039	\$ 46,939,661	\$ 58,105,265	\$ 69,731,661
0.27%	0.27%	0.53%	0.00%	0.00%	0.00%

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
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
2024	36,352,630	14,321,357	-	1,193,266	1,527,947	14,244,702	6,367,449	74,007,351

NOTE: Includes all governmental-type funds

Source: Township annual financial statements

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
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	-	45,201,599
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
2024	11,891,215	38,629,992	2,443,392	4,801,537	4,476,561	-	179,363	62,422,060

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
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%
2024	213,289	-	20,842,920	31,478,635	66.21%

Source: Township annual financial statements

Charter Township of Waterford

Taxable Value by Property Type (1)					
Real Property					
Tax Year	Residential	Commercial	Industrial	Personal Property	Total Value
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
2024	2,442,585,660	464,369,000	37,034,260	105,715,270	3,049,704,190

(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
11.5796	4,548,921,312	42.73%
11.5064	4,998,497,592	39.64%
11.3266	5,387,595,720	37.94%
10.6291	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%
10.3063	8,877,205,220	34.35%

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 Assmnt	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
2024	10.3063	-	2.7000	13.0063	6.0443	1.4836	3.1541	12.7500	30.7500	36.4383	54.4383

(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

Principal Property Taxpayers

Current Year and Ten Years Ago
(Unaudited)

		Year Ended December 31, 2024			Year Ended December 31, 2015		
	Type of Business	Taxable Value	Percentage of Total	Rank	Taxable Value	Percentage of Total	Rank
Detroit Edison	Utility	45,805,480	1.50%	1	26,507,050	0.87%	1
Consumers Energy	Utility	17,328,800	0.57%	2	7,130,600	0.23%	3
Cass Lake Shore Club	Apartment	15,053,810	0.49%	3	8,155,560	0.27%	2
DFL-DET LLC	Transportation	9,015,840	0.30%	4	-	0.00%	N/A
Village Green	Apartment	8,560,650	0.28%	5	4,822,010	0.16%	9
5400 Perry Drive LLC/Rite Aid	Distribution	7,889,590	0.26%	6	6,474,090	0.21%	4
Glengary Park Group	Apartments	7,683,870	0.25%	7	-	0.00%	N/A
Occidental Development/Rivers Edge	Apartments	7,173,290	0.24%	8	5,761,530	0.19%	7
Meijer	Retail	7,053,350	0.23%	9	5,987,780	0.20%	5
Pentastar	Aviation	7,046,820	0.23%	10	5,403,240	0.18%	8
Total		<u>\$ 132,611,500</u>	<u>4.35%</u>		<u>\$ 70,241,860</u>	<u>3.69%</u>	
Total taxable value for each year		<u>\$ 3,049,704,190</u>			<u>\$ 1,904,049,799</u>		

Source: Waterford Township Assessing Department records

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
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
2024	39,379,990	37,430,884	95.05%	1,504,381	38,935,265	98.87%	76,556

Source: Township Treasurer's Office records

Charter Township of Waterford

As of December 31, 2024				
	2015	2016	2017	2018
Governmental Activities:				
General obligation bonds	\$ 4,690,037	\$ 3,378,736	\$ 1,984,066	\$ 508,273
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Installment purchase agreements	672,614	691,517	523,509	352,294
Notes payable	-	243,974	234,210	-
Capital leases	-	-	-	-
Total	5,362,651	4,314,227	2,741,785	860,567
Business-type Activities:				
General obligation bonds	36,033,495	34,868,462	32,719,833	32,199,070
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Installment purchase agreements	-	-	-	-
Notes payable	-	61,337	58,883	-
Capital leases	-	-	-	-
Total	36,033,495	34,929,799	32,778,716	32,199,070
Total Debt of the Government	\$ 41,396,146	\$ 39,244,026	\$ 35,520,501	\$ 33,059,637
Total Taxable Value	\$ 1,943,694,296	\$ 1,981,453,406	\$ 2,044,123,800	\$ 2,121,689,880
Ratio of Total Debt to Taxable Value	2.13%	1.98%	1.74%	1.56%
Total Population	72,503	72,756	72,863	72,948
Total Debt per Capita	\$ 571	\$ 539	\$ 487	\$ 453
Per Capita Personal Income	28,268	31,149	29,189	33,551
Ratio of Debt to Personal Income	2.02%	1.73%	1.67%	1.35%

(1) Not available
Source: Township annual financial statements; population data reported from demographics schedule

Ratios of Outstanding Debt

**Last Ten Fiscal Years
(Unaudited)**

As of December 31, 2024						
2019	2020	2021	2022	2023	2024	
\$ 389,111	\$ 265,457	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
177,812	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
566,923	265,457	-	-	-	-	
31,212,762	32,805,496	29,933,460	27,804,548	25,499,584	24,071,213	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
31,212,762	32,805,496	29,933,460	27,804,548	25,499,584	24,071,213	
\$ 31,779,685	\$ 33,070,953	\$ 29,933,460	\$ 27,804,548	\$ 25,499,584	\$ 24,071,213	
\$ 2,239,715,430	\$ 2,346,554,070	\$ 2,459,477,420	\$ 2,602,645,800	\$ 2,807,381,810	\$ 3,049,704,190	
1.42%	1.41%	1.22%	1.07%	0.91%	0.79%	
73,142	72,976	72,842	70,984	69,543	69,380	
\$ 434	\$ 453	\$ 411	\$ 392	\$ 367	\$ 347	
33,831	38,630	35,419	38,471	41,804	42,652	
1.28%	1.17%	1.16%	1.02%	0.88%	0.81%	

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Obligation Bonds	Tax Supported Bonds (1)	Less Pledged Debt Service Funds	Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population	General Bonded Debt Per Capita
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	27,804,548	-	-	27,804,548	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
2024	24,071,212	-	-	24,071,212	3,049,704,190	0.79%	69,380	347

Note: Special assessment bonds have been excluded.

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

Source: Township annual financial statements.

Charter Township of Waterford

Direct and Overlapping Debt

December 31, 2024
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percent Applicable to Waterford	Estimated Share of Overlapping Debt
Oakland County	\$ 147,512,450	3.79%	\$ 5,590,722
School Districts:			
Clarkston school district	192,988,934	2.09%	4,033,469
Pontiac school district	137,009,135	2.09%	2,931,995
Waterford school district	166,830,000	85.63%	142,089,111
Oakland Community College	-	N/A	-
Intermediate school district	38,215,000	3.81%	1,455,992
Total overlapping debt	682,555,519		156,101,289
Direct Township debt (not including debt related to business-type activities)	-	- %	-
Total direct and overlapping debt	\$ 682,555,519		\$ 156,101,289

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

Source: Municipal Advisory Council of Michigan

Charter Township of Waterford

As of December 31, 2024				
Calculation of Debt Limit: (1)	2015	2016	2017	2018
State equalized valuation	\$ 2,274,460,656	\$ 2,499,248,796	\$ 2,693,797,860	\$ 2,800,919,235
Debt limit (10% of SEV)	227,446,066	249,924,880	269,379,786	280,091,924
Calculation of Debt Subject to Limit:				
Total debt	41,396,146	39,244,026	35,520,501	33,059,637
Less debt not subject to limit:				
Installment purchase agre	672,614	691,517	523,509	352,294
Notes payable	-	305,311	293,098	-
Special assessment bond	-	-	-	-
Revenue bonds	-	-	-	-
Enterprise fund bonds	36,033,495	34,868,462	32,719,833	32,199,070
Net Debt Subject to Limit	<u>4,690,037</u>	<u>3,378,736</u>	<u>1,984,061</u>	<u>508,273</u>
Legal Debt Margin	<u>\$ 222,756,029</u>	<u>\$ 246,546,144</u>	<u>\$ 267,395,725</u>	<u>\$ 279,583,651</u>
Net Debt Subject to Limit as Percentage of Debt Limit	2.06%	1.35%	0.74%	0.18%

(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, 2024					
2019	2020	2021	2022	2023	2024
\$ 3,047,560,035	\$ 3,293,571,490	\$ 3,452,387,690	\$ 3,621,476,530	\$ 3,995,601,916	\$ 4,438,602,610
304,756,004	329,357,149	345,238,769	362,147,653	399,560,192	443,860,261
31,779,685	33,070,953	29,933,460	27,804,548	25,499,584	24,071,213
177,812	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
31,212,762	32,805,496	29,933,460	27,804,548	25,499,584	24,071,213
389,111	265,457	-	-	-	-
\$ 304,366,893	\$ 329,091,692	\$ 345,238,769	\$ 362,147,653	\$ 399,560,192	\$ 443,860,261
0.13%	0.08%	0.00%	0.00%	0.00%	0.00%

Demographic and Economic Statistics

Last Ten Fiscal Years
(Unaudited)

Fiscal year	Population		Personal Income (in thousands)	Estimated Number of Households	Per Capita Personal Income	Median Age	Unemployment Rate
2015	72,503	(1)	2,072,822	29,255	28,268	40.7	4.6%
2016	72,756	(2)	2,049,515	30,342	31,149	40.5	4.0%
2017	72,863	(3)	2,266,277	29,525	29,189	41.0	3.6%
2018	72,948	(4)	2,126,798	32,284	33,551	41.7	3.5%
2019	73,142	(5)	2,447,478	30,659	33,831	41.5	3.2%
2020	72,976	(6)	2,474,467	32,003	38,630	41.9	8.6%
2021	72,842	(7)	2,819,063	30,833	35,419	42.0	3.5%
2022	70,984	(8)	2,579,991	30,483	38,471	42.5	2.8%
2023	69,543	(9)	2,730,825	30,757	41,804	40.5	2.5%
2024	69,380	(10)	2,907,176	30,854	42,652	42.1	Unavailable

- (1) 2014 Census Department - American Community Survey Data Profile Review
- (2) 2015 Census Department - American Community Survey Data Profile Review
- (3) 2016 Census Department - American Community Survey Data Profile Review
- (4) 2017 Census Department - American Community Survey Data Profile Review
- (5) 2018 Census Department - American Community Survey Data Profile Review
- (6) 2019 Census Department - American Community Survey Data Profile Review
- (7) 2020 Census Department - American Community Survey Data Profile Review
- (8) 2021 Census Department - American Community Survey Data Profile Review
- (9) 2022 Census Department - American Community Survey Data Profile Review
- (10) 2023 Census Department - American Community Survey Data Profile Review

Principal Employers

December 31, 2024

(Unaudited)

Employer	Enterprise	2024	Percentage of Total	2014	Percentage of Total
		Employees (1) (2)		Employees	
1 Oakland County	Government	1,623	4.1%	1,300	3.7%
2 Waterford School District	Education	1,280	3.3%	1,420	4.1%
3 Oakland Intermediary Schools	Education	427	1.1%	315	0.9%
4 Township Of Waterford (2)	Government	325	0.8%	263	0.8%
5 Penn Engineering	Manufacturing	291	0.7%	N/A	N/A
6 Meijer	Retail	260	0.7%	276	0.8%
7 DTE	Energy	250	0.6%	N/A	N/A
8 Pentastar Aviation, LLC	Air Transportation	228	0.6%	240	0.7%
9 Road Commission Of Oakland Cty	Transportation	226	0.6%	206	0.6%
10 Oakland Community College (3)	Education	211	0.5%	147	0.4%
Total		<u>3,498</u>		<u>4,167</u>	
Total Township Employment (1)		<u>39,257</u>		<u>35,008</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

Full-time Equivalent Government Employees

Last Ten Fiscal Years
(Unaudited)

Department	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Supervisor/Assessing	6	7	7	8	8	8	8	8	8	8
Clerk's Office	6	7	7	7	7	7	7	8	8	7
Treasurer's Office	6	6	6	6	6	7	8	8	7	7
Fiscal & Human Resources	2	2	2	2	2	2	2	2	2	2
51st District Court	22	19	20	20	20	19	20	20	19	19
Planning & Development	3	3	3	3	3	3	3	4	4	6
Information Systems	3	4	4	4	4	4	4	6	6	6
Facilities & Operations	10	8	8	8	8	7	7	7	7	7
Building & Engineering	8	8	8	8	9	9	9	9	9	9
Parks & Recreation	6	8	8	8	8	8	8	7	8	9
Police Department	66	67	72	69	76	76	76	66	69	74
Fire Department (*) (**)	104	119	138	131	109	110	104	106	112	112
Library	13	13	14	14	13	13	13	12	13	13
Water & Sewer	40	41	39	39	37	39	39	43	46	45
Cable	-	1	1	1	1	1	1	1	1	1
Total	295	313	337	328	311	313	309	307	319	325

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

(*) Fire Service to Pontiac accounts for 42 positions.

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

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

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

(**) 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.

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

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

Source: Payroll & Benefit department and other records

Charter Township of Waterford

Function/Program	2015	2016	2017	2018
Police:				
Physical Arrests	915	1,019	1,161	1,183
Traffic violations	4,286	4,179	3,815	4,170
Non traffic misdemeanors	284	724	883	868
Non traffic civil infractions	420	711	875	1,095
Fire:				
Emergency responses	11,398	12,104	13,095	13,587
Fires extinguished	487	519	519	400
Inspections	1,033	1,045	709	692
Parks and recreation:				
Recreation programs (est	817	612	615	614
Library:				
Circulation (books borrow	291,656	279,587	271,667	260,813
Collection volume	195,377	638,798	602,814	130,371
Visits: Walk-ins	183,775	175,120	170,981	165,883
Visits: Website	372,372	194,511	445,200	561,083
Water:				
New connections	86	91	133	108
Water main breaks	16	14	15	27
Total consumption (billed	267,587,530	288,257,794	273,197,387	276,935,659
Average annual consump	50,990	50,212	48,447	48,327

Source: Township Departmental correspondence

Operating Indicators

Last Ten Fiscal Years
(Unaudited)(Continued)

2019	2020	2021	2022	2023	2024
1,277	998	708	1,131	1,471	1,630
3,007	1,952	2,895	3,517	4,185	4,236
908	565	662	659	185	183
626	421	543	534	45	119
13,813	12,937	14,244	14,416	15,026	15,028
337	369	350	343	353	310
770	670	676	430	443	725
614	144	144	225	406	413
251,405	170,699	251,405	287,463	322,081	338,572
120,148	120,487	112,166	112,207	113,341	111,786
165,387	31,862	53,319	77,231	88,254	105,144
269,262	478,997	496,905	661,821	181,242	236,323
130	98	95	83	47	163
18	15	14	22	10	17
245,690,487	262,616,594	244,003,142	259,556,843	255,989,018	238,258,416
47,070	49,016	46,263	46,292	45,006	44,138

Function/ program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	44	28	26	28	27	27	28	23	23	25
Fire:										
Stations	9	9	9	9	9	9	9	9	9	9
Emergency Response Vehicles	27	27	27	27	26	27	28	39	40	40
Parks and recreation:										
Acreage	854	854	854	854	854	854	854	854	854	854
Playgrounds	3	3	3	3	3	1	1	2	2	3
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
Libraries:										
Branches	1	1	1	1	1	1	1	1	1	1
Water:										
mains (miles)	350	350	350	350	350	350	350	350	350	350
Fire hydrants	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Storage capacity (millions of gallons)	9	9	9	9	9	9	9	9	9	9
Sewer:										
Miles of sanitary sewers	350	350	350	350	350	350	350	350	350	350

Source: Departmental correspondence