

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

**Comprehensive Annual
Financial Report
December 31, 2015**

Charter Township of Waterford

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Charter Township of Waterford

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Charter Township of Waterford

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5200 Civic Center Drive
Waterford, Michigan 48329-3773
www.twp.waterford.mi.us

June 3, 2016

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

In accordance with accounting principles generally accepted in the United States, the administration is submitting the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2015. This report has been prepared in conformance with the principles and standards for financial reporting as set forth by the Governmental Accounting Standards Board (GASB) and complies with the requirements of GASB Statement Number 34. It discusses the financial results for the year, provides information on budgetary performance, and includes information on the financial condition of Waterford Township. This report was prepared by and is the responsibility of the Township's management.

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

GOVERNMENT PROFILE

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

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

With us there are no boundaries

ECONOMIC CONDITION AND OUTLOOK

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

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

Per the 2007-2011 ACS published by the U.S. Census Bureau, the major employment sectors within Waterford Township are Education and Health Care Services; Retail Trade; Arts, Entertainment, Accommodations; Manufacturing; Professional, Scientific, Management. However, there is still room to grow. Within the Township there is significant retail and service industry capacity that can provide a substantial employment base; the Township is pursuing incentive programs that should help to revitalize the declining number of retail and service establishments and provide an increase to the employment base over the next five to ten years. The Township has an area wide sewer system which is connected to the Detroit system for treatment. The municipal water system is operated throughout the Township by the Department of Public Works and produces water from 19 wells located at ten different locations throughout Waterford. The Township's water and sewer system can support the economic growth of the community.

Although Waterford is primarily a residential community, several industries are located in the Township. Rite Aid Drug Store's regional distribution center, serving six states, operates a quarter million square foot warehouse complex. Safety Technology International is a family owned company that is a worldwide supplier of products for the fire and safety industry. Other industries within the Township include metal fabricating, screw machine productions, and manufacturers of motor parts, electronic components, industrial computers, and precision measuring instruments. Automotive assembly plants are located within minutes of the Township.

Commercial and Residential Development

While commercial development remained constant, residential development within Waterford Township began to increase significantly in 2013 after suffering from the economic downturn and high unemployment levels that plagued southeastern Michigan since 2007. Banks are once again willing to loan money for home mortgages and that has helped to rekindle the housing market in Waterford. Most of the vacant and foreclosed properties have been resold and are no longer holding the market down. Existing homes are selling quickly and the prices of these available homes appear to be increasing at a significant rate. Private home builders are once again applying for Building Permits for vacant lots. In 2015 Waterford Township issued twenty more Building Permits for single family homes as it did in 2014 which is approximately ten times as many as were issued in 2011 when the economic crisis was at its peak.

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

Building Permits Issued

Calendar Year	Single Family Homes	Condominium Units	New Commercial	Total Permits
2015	72	0	5	511
2014	52	0	4	442
2013	31	0	3	408
2012	16	0	3	389
2011	7	0	1	326
2010	9	0	5	491
2009	16	0	5	436
2008	31	14	7	544
2007	38	16	11	585
2006	115	4	12	692

Area Demographics

Oakland County is located in the southeast portion of Michigan's Lower Peninsula. The County has an area of 910 square miles, which includes 30 cities, 10 villages and 21 townships. Within the county are 5 rivers, 423 inland lakes, numerous small streams and rolling landscapes – all of which make the area attractive to homeowners and builders.

Oakland County private sector employment outperformed the nation, the state and all major labor market areas in the state in the last decade. However, both

Area Demographics (continued)

Oakland County and Waterford Township have been impacted by the trying economic environment of the nation and the state. The County had an annual unemployment rate of 8.0 percent for 2013, which declined to 6.8 percent for 2014. In December of 2014 the County had a monthly unemployment rate of 5.0 percent, while the Township had a rate of 5.5 percent unemployment. Future job growth will be dependent on the economic recovery efforts at both the state and federal levels.

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

Based on the results of the 2010 Census, the economic recession has also had an impact on the population trends in both Oakland County and Waterford Township. The County's population remained virtually unchanged between 2000 and 2010, increasing only 0.68 percent. This was the smallest increase in over a century; the average decade-to-decade population change for Oakland County since 1900 has been a 43.8 percent increase. Waterford Township experienced a two percent population decrease between 2000 and 2010. This was the first decade-to-decade population decrease that Waterford has experienced since the 1900 to 1910 period, when Waterford's population decreased 1.3 percent. Per the US Census Bureau, however, the percent change in population for all of Oakland County between April 2010 and July 2014 was estimated to be about 3 percent. For Waterford Township, the percent change in population during this same time period was slightly lower than that, or 2 percent.

FINANCIAL INFORMATION

Internal and Budgetary Control

Township administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Township are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, rather than absolute assurance, that these objectives are met because the cost of a control should not exceed the benefits derived. The primary financial management control instrument of the Township is the annual budget. It is adopted each year by the Board of Trustees in accordance with the State of Michigan Uniform Budgeting Act, P.A. 621 of 1978, in December for use and implementation for the subsequent year. The Township's fiscal year is January through December.

Internal and Budgetary Control (continued)

Budget preparation begins in the summer of each year. Departments and Financial Staff assess potential revenues and expenses and submit a request to the Township Supervisor. The Township Supervisor, the Budget Director and the Assistant Budget Director review all departmental requests and prepare a final recommended budget for submission to the Township Board. The Board approves appropriations on the departmental basis, which becomes the legal level of control. An encumbrance system is in place to ensure that this control is not violated. All amendments to this budget must be approved by the Board throughout the fiscal year. Amounts appropriated, but not spent by the end of the fiscal year, must be re-appropriated by the Board for the subsequent fiscal year.

Another safeguard is that separate individuals in different departments are charged with reconciling cash statements and transferring funds respectively. Key financial functions are separated to build in safeguards.

All internal control evaluations occur within the above framework. We believe that the Township's internal control structure adequately safeguards assets and provides reasonable assurance of the proper recording of financial information for both internal and external reporting purposes and that the financial statements are free of any material misstatements.

Long Term Financial Planning

Waterford continues to monitor financial trends and stays in contact with State, County and Regional authorities to project future trends in major revenues including property taxes, state shared revenue and economic development related fees. A multi-year forecasting tool was completed in late 2011 to assist the Township with the long term financial process. The Township has both of its Pension Funds and Retiree Health Care Trust valued by its Actuaries to both stay in reporting compliance and to use in and report on its long-term legacy costs. Both of Waterford's Pension Systems (General Employees and Police and Fire) are now closed to new hires. New hires participate in 401-K Style Defined Contribution Plans. These changes were made to help the Township curtail some of its long-term obligations and develop a more predictable financial model.

The dramatic decline in property values continued through 2013. Property values for 2016 are projected to stabilize and rise slowly over time. The Headlee Amendment will 'dampen' any revenue gains the Township will see going forward in the short and intermediate future due to a continued low inflationary cycle. The Library and a Fire Millage were renewed in 2012. The 2014 Police Renewal was vital to our long range plans and the ability to provide services. A modest Parks and Recreation Millage request was passed by voters in August of 2014. This 'dedicated' Parks and Recreation

Long Term Financial Planning (continued)

Millage will shore up and help sustain the non state mandated recreational services provided by the Township's Parks and Recreation Department. Public Safety has (3) millage renewals in 2016. These millage renewals are vital for Waterford's Public Safety Departments to provide essential services.

The township will be paying close attention to health and pension related expenses. Changes in Federal Health Care policy may have a dramatic impact on future township budgets. The Township began implementing Michigan P.A. 152 in August 2012. This Act relates to health care costs. The Township is implementing the most fiscally conservative option under P.A. 152. The estimated savings will be \$1.2 million annually once it is fully implemented in its first year for all employee groups. In 2013, the Township changed its Retiree Health Care plan. This change was estimated to save the Township \$350,000 in its first year of implementation. Subsequently, the Township has changed its Retiree Prescription plan which is estimated to save \$400,000 over previous plan offerings. Volatility in the stock market could also impact, either in a positive or negative manner the township's funding for the defined benefit pension plans and the retiree health trust fund. All employee group new hires are now enrolled in a Defined Contribution Retirement System. These new Systems are more closely aligned with private-sector benefit offerings and are expected to help the Township in its long-range planning.

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

Relevant Financial Policies

The accounting policies of the Township conform to Generally Accepted Accounting Principles (GAAP) in the United States of America as applicable to government units. Further significant policies are discussed in detail under Note 1 of the Basic Financial Statements section of the financial statements. There were no policies that had a significant or unusual impact on the current period's financial statements. The Township continues to work closely with its auditors and actuaries and strives to adhere to all applicable accounting principles.

Cash Management

The Township's nationally certified Investment Policy adopted on April 28, 2008 includes the legal requirements for municipalities covered under Michigan Public Act 20 of 1943, as amended. It is the policy of the Charter Township of Waterford to invest public funds in a manner which will ensure the preservation of capital while providing the best investment return with maximum security, meeting the daily cash flow demands of the Township. Investments are placed with institutions that are approved yearly by the Township Board and deemed to provide minimal risk to the Township's assets. Our investment portfolio currently consists of money market funds, certificates of deposit, CDARS, U.S. Treasury and other obligations of the U.S. and authorized local government pooled funds, in compliance with the Township's investment policy and Public Act 20, as amended.

Due to economic conditions and the events which transpired involving banking and investment institutions in 2008 the Township continues to take a conservative approach to investing. There have been many failures in the banking industry and Michigan is not immune from such failures. Risk is being minimized to safeguard deposits and investments. Interest rates have declined significantly resulting in minimal interest earning as a revenue source.

Risk Management

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

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

Risk Management (continued)

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

By taking on more risk and self-insuring, the Township has realized substantial savings. This also requires the Township to be mindful to have adequate reserves in the event that loss events occur. This is especially challenging in a recession/post-recession environment.

Component Units

Included in the financial statements are three discretely presented component units: Economic Development Corporation (EDC); Waterford Youth Assistance Corporation (WYA); and Veteran's Memorial Fund (VMD). Although considered separate legal entities, the component units are part of the Township's operations and are financially accountable to the Township and the Township Board has the ability to impose its will on each entity.

Independent Audit

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

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

While the independent auditor has expressed an unmodified opinion of the financial statements contained in this report, management takes sole responsibility for the contents of the CAFR. To the best of its knowledge, staff believes the CAFR information is accurate in all material respects.

AWARDS AND RECOGNITIONS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Charter Township of Waterford for its comprehensive annual financial report for the fiscal year ended December 31, 2014. This was the tenth consecutive year that the Township has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized

AWARDS AND RECOGNITIONS (continued)

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

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

ACKNOWLEDGEMENTS

This CAFR reflects the work and commitment of the staff members of the Clerk's Office, Treasurer's Office and the Office of Fiscal & Human Resources. This document could not have been accomplished without their efforts and each contributor deserves sincere appreciation. Management would also like to express its appreciation to Plante & Moran, the Township's independent auditors, who assisted and contributed to the preparation of this Comprehensive Annual Financial Report.

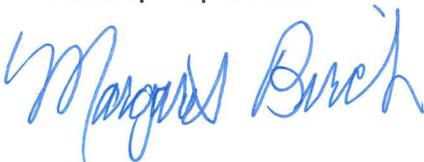
Respectfully submitted,



Gary Wall
Township Supervisor



Sue Camilleri
Township Clerk



Margaret Birch
Township Treasurer



Charter Township of Waterford
Organizational Chart
Updated 12/2013

Citizens of Waterford

Board of Trustees
Gary Wall, Supervisor
Sue Camilleri, Clerk
Margaret Birch, Treasurer
Anthony Bartolotta, Trustee
Julie Brown, Trustee
Karen Joliat, Trustee
Donna Kelley, Trustee

51st District Court

Treasurer's Office

Supervisor's Office

Clerk's Office

Development Services

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

Library

Fiscal & Human
Resources

Parks & Recreation

Police Department

Fire Department

Assessing

Information Systems



Government Finance Officers Association

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

Presented to

**Charter Township of Waterford
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

**Charter Township of Waterford
List of Principal Officials
Year Ended December 31, 2015**

Supervisor's Office

Supervisor

Gary Wall

Clerk's Office

Clerk

Sue Camilleri

Deputy Clerk

Kari L. Vlaeminck

Accounting Manager

Barbara Miller

Treasurer's Office

Treasurer

Margaret Birch

Deputy Treasurer

Sandy J. Pulk

Assessing

Chief Assessor

Don E. Wood

Deputy Assessor

Larry J. Elliott

Development Services

Director and CDBG

Robert A. Merinsky

Superintendent of Building

Brent A. Gibson

Superintendent of Planning and Zoning

Larry R. Lockwood

Fire

Chief

John H. Lyman

Deputy Chief

Matthew J. Covey

Fiscal and Human Resources

Human Resources Director

Louis W. Feurino

Budget Director

Derek C. Diederich

Assistant Budget Director

Barbara Miller

Information Systems

Director

Jared W. Black

Library

Director

Joan M. Rogers

Parks and Recreation

Director

Alison Swanson

Police

Acting Chief

Jeffrey H. James

Deputy Chief

Jeffrey H. James

Public Works

Director

William A. Fritz

Water and Sewer Superintendent

Russell D. Williams

Administrative Superintendent

Derek C. Diederich

Facilities and Operations Superintendent

David M. Papke

**Charter Township of Waterford
Labor Agreements
Year Ended December 31, 2015**

<u>Bargaining Unit</u>	<u>Expiration Date</u>	<u>Number of Employees</u>
Michigan Association of Police - Represents police officers and crime scene investigators	12/31/2017	49
Command Officers Association of Michigan - Represents police sergeants and lieutenants	12/31/2017	11
International Association of Firefighters - Represents all firefighting personnel	12/31/2015	100
Michigan Association of Police - Represents dispatchers	12/31/2015	12
Teamsters State, County, and Municipal Workers - Represents clerical, public works employees, building inspectors, and ordinance officers	12/31/2015	102

**Charter Township of Waterford
Fund Organization Chart**

Fund Name	Fund Number
General Fund	
General	101
Cemetery Care	209
Workers' Compensation	215
Special Revenue Funds	
Fire	206
Police	207
Police Restricted Use	208
Bike Path	247
Cable Commission	250
Community Development Block Grant	260-263
Library	270
Library Donations	271
Parks & Recreation	280
Nature Center	718
Weed Control and L.I.B.	844-883
Debt Service Funds	
Police and Fire Bond Service Fund	306
Capital Projects Funds	
Improvement Revolving	246
S.A.D. Road Paving	813
Capital Projects Allocation	330
Enterprise Funds	
Water and Sewer	590
Internal Service Funds	
Fire Unemployment Costs	316
Motor Pool	360
Trust and Agency Funds	
Tax Collection	703
Regular Employee Pension	731
Police and Fire Pension	732
Retiree Health Fund	733
Other Agency	701-752

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the Charter Township of Waterford, Michigan (the "Township") as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise the Charter Township of Waterford, Michigan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Trustees
Charter Township of Waterford

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the Charter Township of Waterford, Michigan as of December 31, 2015 and the respective changes in its financial position, and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 13 to the basic financial statements, during the year ended December 31, 2015, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended, which establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of governmental employers through pension plans. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

To the Board of Trustees
Charter Township of Waterford

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

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2016 on our consideration of the Charter Township of Waterford, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter Township of Waterford, Michigan's internal control over financial reporting and compliance.

Plante & Moran, PLLC

June 3, 2016

Charter Township of Waterford

Management's Discussion and Analysis

Financial Highlights

The following represents the most significant financial highlights for the year ended December 31, 2015.

- Total 2015 General Fund revenue was \$643,783 below 2014 revenue and \$1.8 million below 2010. One area where revenue moderately increased in 2015 was cable franchise fees which were up \$50,956. Property taxes continue to be the largest source of revenue (38.44 percent of all General Fund revenue). Property tax revenue is expected to produce very modest increases, due to the limitations of the Headlee Amendment.
- State-shared revenue and grants, despite dramatic cuts over the past 10 years, remains the Township's second largest revenue source. During the Township's 2015 fiscal year, state revenue sources decreased \$14,168. State revenue sharing is \$1,858,812 below the amount received in 2001, which is a loss of 24.38 percent.
- Revenue from district court fees and fines decreased \$76,153 (6.8 percent) from the previous year. 2015 district court fines and fees revenue was \$1,411,255 below the 2004 amount. This is a reduction of 57.64 percent over the past 11 years.
- General Fund expenditures and operating transfers out for fiscal year 2015 were less than 2014 - declining by \$497,372.
- The unassigned General Fund fund balance at year end was \$5,804,705. During fiscal year 2015, the General Fund unassigned fund balance increased a modest \$1,391,955. The December 31, 2015 unassigned fund balance for the General Fund is 33.2 percent of total 2015 General Fund expenses including transfers to public safety. Our minimum fund balance target is 15 percent, though bond agencies and many analysts prefer 20 to 30 percent as a sign of a financially healthy municipality; this cash-position has to be tempered with a community's longer-range outlook, debt ratio, and unfunded long-term liabilities.
- The Police Fund fund balance increased modestly by \$210,449 in fiscal year 2015. Staff reductions in prior years within the police department were the primary driver of these results. The Police Fund fund balance at December 31, 2015 is \$2,510,768 or 21.59 percent of annual expenses.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

The Fire Fund fund balance increased by \$752,197 in fiscal year 2015. In 2009, the fire department began patient transport and invested in additional staffing and equipment. In subsequent years, the department was able to recover some of the investment via fees charged for transport services. In February 2012, the fire department began providing fire suppression services for the City of Pontiac and therefore became a Regional Fire Department. The new revenue helped offset some losses in property tax revenue. The fire department continues to look to grant opportunities to augment its service levels. In February 2013, the Waterford Fire Department was awarded \$7.6 million over a 24-month period to hire 39 additional fire fighters. This was made possible by a federal assistance to fire fighters grant from the federal government. This grant was extended to October 2015 and the Fire Department is waiting to hear from the federal government if a new grant will be awarded. Waterford financial staff conducted an in-house actuarial study that permitted prefunding of separation costs which helped protect the Township's future financial interests - an important aspect of the grant as a whole. The Fire Fund fund balance at December 31, 2015 is \$2,274,882 or 13.29 percent of annual expenses. While the fund balance is a little lower than desired, the Fire Department had a positive financial year.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell the reader how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

The Township as a Whole

The following table shows, in a condensed format, the net position as of the current date and compared to the prior year (in millions of dollars):

	Governmental Activities		Business-type Activities		Total	
	2014*	2015	2014*	2015	2014*	2015
Assets						
Other assets	\$ 44.4	\$ 48.1	\$ 22.4	\$ 24.5	\$ 66.8	\$ 72.6
Capital assets	<u>52.7</u>	<u>52.8</u>	<u>109.1</u>	<u>111.5</u>	<u>161.8</u>	<u>164.3</u>
Total assets	97.1	100.9	131.5	136.0	228.6	236.9
Deferred Outflows of Resources						
	-	7.9	-	1.0	-	8.9
Liabilities						
Current liabilities	5.6	4.7	4.7	4.1	10.3	8.8
Long-term liabilities	<u>32.0</u>	<u>63.1</u>	<u>34.9</u>	<u>40.5</u>	<u>66.9</u>	<u>103.6</u>
Total liabilities	37.6	67.8	39.6	44.6	77.2	112.4
Deferred Inflows of Resources						
	<u>22.0</u>	<u>23.8</u>	-	<u>0.3</u>	<u>22.0</u>	<u>24.1</u>
Net Position						
Net investment in capital assets	46.8	47.4	76.6	75.4	123.4	122.8
Restricted	5.3	5.5	0.8	3.0	6.1	8.5
Unrestricted (deficit)	<u>(14.6)</u>	<u>(35.7)</u>	<u>14.5</u>	<u>13.7</u>	<u>(0.1)</u>	<u>(22.0)</u>
Total net position	<u>\$ 37.5</u>	<u>\$ 17.2</u>	<u>\$ 91.9</u>	<u>\$ 92.1</u>	<u>\$ 129.4</u>	<u>\$ 109.3</u>

* The Township implemented GASB Statement No. 68 in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive application of the change.

The Township's combined net position decreased in 2015. The governmental activities portion of net position decreased approximately \$20.3 million from the prior year. Declines were driven by an accounting rule change to record pension unfunded liabilities. Also, \$5.9 million in other postemployment benefit obligations for 2015 helped drive this change. Other postemployment employee benefit obligations (OPEB, for short) are retiree healthcare benefits promised to employees, but not fully prefunded in 2015 or in years prior.

The Township continues to reduce debt associated with the 1998-1999 Police and Fire Building Construction, 2003 Water and Sewer System rehabilitation projects, and the \$2 million 2005 Capital Improvement debt. The Township utilizes just 2.11 percent of the statutorily allowed debt.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

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

Total revenue for governmental activities in 2015 increased by \$200,000 from the 2014 fiscal year. The reader should keep in mind that the Parks and Recreation Department moved out of the General Fund in 2015, which affects the year-to-year comparison for 2014-2015 for that fund, but not the governmental activities in total. The largest reduction in revenue was the federal grant revenue related to the Fire Department (SAFER Grant), when the grant expired in the fall.

Governmental expenses were up \$1.5 million in 2015. This change was in the general government category.

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

The Water and Sewer Fund saw its overall cash position decrease in 2015 compared to 2014. The Water and Sewer Fund decreased its year-end cash position by \$237,594 in fiscal year 2015. However, in 2015, the Water and Sewer Fund prepaid almost \$2.7 million of Oakland Macomb Interceptor (OMI) debt. This move saved water-sewer rate payers over \$870,000 in long-term interest savings.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Revenue						
Program revenue:						
Charges for services	\$ 15.2	\$ 13.9	\$ 20.4	\$ 21.7	\$ 35.6	\$ 35.6
Operating grants and contributions	4.5	4.8	-	-	4.5	4.8
Capital grants and contributions	0.1	-	0.4	0.8	0.5	0.8
General revenue:						
Property taxes	21.0	22.0	-	-	21.0	22.0
State-shared revenue	5.8	5.8	-	-	5.8	5.8
Unrestricted investment earnings	0.2	0.2	0.1	0.1	0.3	0.3
Cable franchise fees	1.2	1.2	-	-	1.2	1.2
Miscellaneous	0.2	0.5	-	-	0.2	0.5
Total revenue	48.2	48.4	20.9	22.6	69.1	71.0
Program Expenses						
General government	7.4	8.5	-	-	7.4	8.5
Public safety:						
Fire and police	32.8	33.8	-	-	32.8	33.8
Building inspection	1.1	1.1	-	-	1.1	1.1
Public works	0.4	0.3	-	-	0.4	0.3
District Court	2.4	2.0	-	-	2.4	2.0
Community and economic development	1.4	1.4	-	-	1.4	1.4
Recreation and culture	4.2	4.1	-	-	4.2	4.1
Interest on long-term debt	0.2	0.2	-	-	0.2	0.2
Water and sewer	-	-	20.8	21.9	20.8	21.9
Total program expenses	49.9	51.4	20.8	21.9	70.7	73.3
Change in Net Position	(1.7)	(3.0)	0.1	0.7	(1.6)	(2.3)
Net Position - Beginning of year	39.2	37.5	91.8	91.9	131.0	129.4
Impact of GASB Statement No. 68*	-	(17.3)	-	(0.5)	-	(17.8)
Net Position - End of year	<u>\$ 37.5</u>	<u>\$ 17.2</u>	<u>\$ 91.9</u>	<u>\$ 92.1</u>	<u>\$ 129.4</u>	<u>\$ 109.3</u>

* The Township implemented GASB Statement No. 68 in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive application of the change; however, the ending net position for that year was adjusted to properly state the fiscal year 2015 beginning net position.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Governmental Activities

The Township's governmental revenue totaled approximately \$48.4 million, with the greatest revenue source being property taxes. Property taxes made up approximately 45.45 percent of total governmental revenue in 2015. That percentage is up from approximately 43.56 percent of total governmental revenue in 2014. The Pontiac fire service contract has changed the Township's revenue proportions and the Federal SAFER Grant in 2015 had a similar effect. Property taxes had traditionally been a secure and growing revenue source for the Township before 2008. Unfortunately, due to the collapse in the housing market beginning in 2008, this secure source started to decline in 2009 through 2014. Going forward, modest increases are expected in the housing market. However, the Headlee Amendment will limit revenue growth for the Township to 5 percent or inflation, whichever is lower. Inflation is expected to be about 2 percent per year in 2016 and 2017.

Total 2015 governmental expenses for the Township were approximately \$51.4 million. Of this, 65.76 percent of all expenses were in the area of police and fire service; the same ratio in 2014 was 65.73 percent.

Business-type Activities

The Township's business-type activities consist of the Water and Sewer Fund. The Township provides water through a Township owned and operated ground water system. The water system treats and disinfects water and removes iron through its water treatment and pumping facilities, as well as adds an agent to prevent corrosion. Sewage conveyance and treatment is provided to customers through the Township's sewer network which discharges into Oakland County's Sewer Interceptor and is then sent onto Great Lakes Sewer Authority. Traditionally, 40 to 50 percent of the average residential sewer bill in Waterford is sent to Oakland County Drain and the authority for their services. The County maintains the interceptor sewer that Waterford's smaller mains flow into and the regional authority treats and ultimately discharges water back into the Detroit River.

System revenue is primarily from fees paid by customers based on use. User fees made up approximately 96.01 percent of all revenue in 2015.

The business-type activities expenses totaled approximately \$21.9 million in 2015. Almost more than \$8.8 million was collected from sewer customers and paid to Oakland County and the Great Lakes Sewer Authority for sewage treatment and disposal.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

The Township's Funds

An analysis of the Township's major funds begins with the balance sheet presentation following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board created funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major governmental funds for 2015 include the General Fund, the Police Fund, and the Fire Fund. The Township's major business-type fund consists of the Water and Sewer Fund.

General Fund

The General Fund pays for most of the Township's governmental services. The two largest services funded by the General Fund are Police and Fire. The General Fund transferred \$5.375 million to the Police Fund and \$1.977 million to the Fire Fund in 2015.

Other major activities in the General Fund include the 51st District Court, and all general government administrative and central services operations. Some of these activities rely on fees for services to help offset costs and some do not generate any significant service-related revenue. Many of these activities rely heavily on property taxes and state-shared revenue to subsidize their operations. Most of these services are mandated (tax collections, elections, and court).

The Township's General Fund's year-end fund balance is \$8,106,526, of which only \$5,804,705 is unassigned. A total of \$8,106,526 represents approximately 46.36 percent of 2015's annual expenditures; net transfers to other funds. Due to an accounting rule change, reassignment of two funds, Workers' Compensation (\$681,436) and Cemetery Care (\$168,704), were moved into the General Fund in 2011. Also, when removing the Budget Stabilization Fund of \$1,275,000, as well as the Workers' Compensation and Cemetery Care Fund out of the General Fund, the General Fund's fund balance at year end represented 34.21 percent of its annual expenditures in 2015. This is the level that Township planners believe is a more realistic representation of the General Fund's available balance. Workers' Compensation and Cemetery Care are set aside for specific purposes. This 34.21 percent also excludes \$1,275,000 in a newly created budget stabilization fund in 2013. These funds were committed by the Township Board for future unforeseen events. A minimum 20 to 30 percent fund balance to annual expenditures ratio is recommended by bond rating agencies and by the Township's financial consultants.

Police Fund

The Police Fund covers the operation of the police department. Major revenue includes \$5.3 million from the Township's General Fund and an additional \$5,678,770 in special millage revenue for 2015, a small overall increase from 2014. The department receives a small amount of its revenue from fees, grants, and interest on investments.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Over fiscal year 2015, the Police Fund balance modestly increased by \$210,449. This change was due primarily to lower staff levels from traditional levels and foregoing some projects, as well as slightly less than projected for retiree health care. The police department employed 36 fewer staff in 2015 than it did in 2010.

Fire Fund

The Fire Fund covers the operations of fire prevention, suppression, and emergency medical services. In 2015, the department received \$1.977 million from the General Fund and approximately \$4.98 million from special millages. In February 2012, Waterford Township began a contract with the City of Pontiac to offer fire service protection for the City. The contract is for 10 years and started at \$6.2 million per year. The Fire Fund's fund balance increased by \$752,197. The increase was possible by more revenue from Emergency Medical Runs (EMS), and slightly lower overtime and open positions being backfilled slower. While a positive financial year, the Fire Fund's fund balance at 13.28 percent of annual expenditures still remains a little lower than desired.

Water and Sewer Fund

The Water and Sewer Fund continues to maintain a healthy amount of working capital. Because revenue is derived from user fees and fees that are adjusted periodically to cover expenses, the fund is relatively secure. Unlike the governmental activities of the Township, the Water and Sewer Fund does not rely on tax dollars and state aid for its financial well-being, although the fund does look for grants and low-interest loan programs to augment system capital improvements.

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

Sewer increases imposed by Oakland County and the Regional Authority are routinely passed on to customers. Waterford belongs to the Clinton-Oakland Sewer System. Rates have also recently been adjusted to cover debt payments associated with capital improvements. The Township, like other suburban customers along with Oakland County, routinely monitors the pending changes at the Great Lakes Sewer Authority. In 2015, the fund prepaid almost \$2.7 million in OMI debt. This move saved rate payers almost \$870,000 in interest over the life of the proposed amortization schedules.

Increasing costs from regulations, higher standards being placed on the system by both the federal and state governments, and the need to repair and maintain an aging system require the Township to continually monitor revenue and expenditures to ensure revenue remains at an adequate level to support the required expenditures of the systems.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Reductions in staffing through attrition and early retirement incentives have reduced labor costs. In 2015, the Water and Sewer Fund was staffed at 42 positions compared to 52 in 2009. Increased technology and automation upgrades and labor contract changes, which encourage attendance and productivity, have allowed the water and sewer division to reduce staff while maintaining service and safety goals. The DPW continues to look for grants and low-interest loans to fund capital improvements. The DPW was awarded a Drinking Water Revolving Fund (DWRF) in 2013 for \$9.4 million. This program included a low-interest loan as well as an estimated \$4 million principal loan forgiveness via a green project reserve from the EPA. This great news means almost a 40 percent savings to the Waterford water rate paying customer! In 2015, the Water and Sewer Fund paid off nearly \$2.7 million of its Oakland Macomb Interceptor (OMI) debt and saved nearly \$870,000 in long-term interest, more good news for the Waterford sewer customer.

General Fund Budgetary Highlights

Township officials continue to budget conservatively. Declining property values have put a strain on the Township's primary revenue source - property taxes. State, county, and regional analysis indicates that property values will level off and will modestly increase in 2016 and 2017. The Headlee Amendment will significantly hamper property tax revenue increases going forward. The Headlee Amendment limits increases in taxable value at the rate of inflation or 5 percent, whichever is lower. When the Headlee Amendment was crafted, a sustained devaluation in the housing market like we experienced from 2008 to 2014 had never occurred. It remains uncertain at best if the Headlee Amendment will be modified by the State of Michigan. Slow growth and slow recovery of lost property tax revenue seem likely in the short run.

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

During 2015, the Township increased budgeted staffing by one position. In 2014, one position was reduced and three positions were reduced in 2013, after reducing 20 in 2012 and 59 in 2011. These reductions were accomplished primarily through retirements, attrition, and some layoffs. When subtracting out fire employees hired for Pontiac fire service, and the temporary Fire SAFER Grant, the Township is at early 1980s employment levels.

Capital Asset and Debt Administration

There was a slight increase in governmental-type capital assets of \$100,000, net of depreciation. Disposal of assets and excess equipment occurred throughout 2015.

In business-type activities, the Township added \$2.4 million in new capital assets. This number reflects the Township's continued investment in its over 350 miles of water and sewer mains, as well as numerous water and sewer pump stations.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

The Township issued \$811,783 in debt for governmental activities in 2015. This included purchasing three advanced life-support ambulances and new self-contained breathing apparatus units for the fire department.

2015 saw \$5.5 million in new debt for the business-type activity funds. New debt was added to the Water and Sewer Fund for bonds issued for the Oakland-Macomb Sewer Interceptor (OMI) and the State Revolving Fund (SRF) and Drinking Water Revolving Fund (DWRF).

The Township reduced its general obligation and tax-supported debt by \$560,000 (9.4 percent of total) in fiscal year 2015. The Township maintains a very low amount of general government debt. The majority of the general government debt remaining (\$3,840,000) was authorized by a vote of the people in 1998 for new public safety headquarters and supported by a dedicated debt retirement millage. In 2018, this police and fire building debt will be retired. After the winter 2017 tax collections, the police and fire building debt millage will be eliminated, providing further tax relief for Township taxpayers.

Declining property values resulted in the need to increase the 0.5 mill police and fire debt millage to .69 for the winter 2013 tax collections. The .69 rate was held constant for 2015. In 2009, the Township Treasurer went through a process called Refunding of Bonds, which is similar to refinancing. This process saved the taxpayers almost \$900,000 in interest over the remaining life of the debt issuance. Even with this positive stewardship, declining property values resulted in the need to raise the debt retirement millage slightly to cover the required annual principal and interest payment. Although the millage rate increased in 2013 and held constant in 2014, 2015, and 2016, the overall cost to the taxpayers should remain flat as the increased rate is offset by the lower taxable value.

Detailed information on the Township's debt can be found in the statistical section of this report, in the debt capacity and direct and overlapping debt schedules, and in Note 6. Detailed information on the Township's capital assets can be found in Note 4.

Economic Factors

There are several economic factors that challenge the Township. The collapse of the housing market starting in 2008 through 2014 resulted in dramatic declines in taxable values, which directly affects the Township's property tax collections. These reductions in funding affect staffing and services. The housing market also impacts the demand for new construction which has resulted in a loss of building inspection and licensing fees. In 2014 and 2015, building activity saw an uptick. Unemployment has improved which is a positive. Sales taxes, which are the source of state revenue sharing, are traditionally the Township's second largest source of revenue. The Township has seen small upticks in revenue sharing from the State in the last couple years; however, the Township remains at decade low levels of support from the State in this category.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

The economy is seeing some improvement in late 2014 through early 2016, with unemployment declining and housing prices starting to increase. Both sales and income taxes are increasing and should bolster state revenue. How the State of Michigan elects to distribute any new revenue remains to be seen. Property assessments have leveled off. However, sales studies based on prior years result in a lag behind the improving market. The Headlee Amendment limits increases in property tax revenue going forward at 5 percent or the rate of inflation, whichever is lower. In practical terms, the Township will see very small property tax revenue increases in the short and intermediate term.

State funding priorities continue to shift funding away from local governments in order to maintain state services, particularly in the area of public health and welfare programs. Waterford received over \$1.85 million more from the State of Michigan in revenue sharing in 2001 than in 2015. The overall trend of the State divesting itself in local government continues.

The Township maintains a Citizen's Guide to Local Government Finances on its website which is located at: www.twp.waterford.mi.us This is another tool to help the citizen and interested parties understand where taxes and fees are directed and utilized.

Health insurance costs continue to outpace inflation. Savings realized in prior years from employee concessions, including higher co-pays and deductibles, provided temporary relief as increases have eclipsed all savings. Retiree health costs continue to consume a larger percentage of the Township's budget as the numbers of retirees grow and the number of active employees has significantly decreased in recent years. The Township implemented a change in retiree health care in 2013 which helped reap savings. The retiree health care change was estimated to save \$300,000 to \$400,000 in the first year. Starting on January 1, 2015, a prescription change for retiree health care started as well. The Township remains committed to making dollars stretch as far as possible. Additionally, employer sponsored retiree health care benefits are being eliminated for new hires as contracts come up for renewal and are negotiated. Newer 401 (k)-style benefits are being implemented for this benefit area.

The Township recognizes this impending problem and will remain cautious and conservative in its budgeting practices. In September 2011, the State of Michigan passed Public Act 152; this act addressed healthcare expenses for current employees. The act permits three options for municipalities concerning contributions for employees' health care. The Township took the most fiscally conservative option. This election has compelled employees to contribute more by way of higher deductibles and co-pays. Analysis indicates the Township saved over \$1.2 million once fully implemented with all employee groups in the first year. Future expenses are 'capped' via a medical Consumer Price Index (CPI) cost containment factor on an annual basis going forward.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Changes in employee health care (current and retiree), conversion to defined contribution retirement plans (private sector 401(k) style), and reduced staffing levels have all helped to maintain the Township's financial well-being. Consolidating services and contracting out lawn cutting and other miscellaneous services have helped the Township in recent years. Closing the Monteith Parks and Recreations building (on Crescent Lake Road) has also created savings. No wage increases for many years have helped the Township financially. Lower staffing levels in all departments but the Fire Department, which took on Pontiac Fire Services in February 2012, have added to the savings as well. In December 2014, the Police Patrol unit agreed to close their pension retirement system for a more modernized defined contribution 401 (k)-style plan. Therefore, all of Waterford's Defined Benefit Pension Systems are now closed to new hires. Similar changes have been made in the auto industry, other industries, and with other units of government. Similarly, ending the employer sponsored retiree health care benefit as contracts are negotiated and converting to a Defined Contribution (DC) Plan are expected to help in the longer term.

Bond Rating

Bond ratings to municipalities are like credit scores to individuals. The ratings help determine the interest rate on any debt issued by the Township, as well as a third-party view of the Financial Stewardship. In March 2014, Waterford Township had its bond rating upgraded by Standard & Poors (S&P) from A+ to AA. This constituted two moves in the positive direction. Township officials believe the rating agency liked the fact that Waterford created its first Budget Stabilization Fund in 2013 and has made subsequent deposits with some one-time revenue. S&P also liked the fact that Waterford is converting its defined benefit (DB) pension retirement offerings to new employees to defined contributions (DC), 401(k)-style plans. S&P also appreciated that Waterford management utilizes a financial forecasting tool. S&P liked that Waterford 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.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Office of Fiscal and Human Resources at (248) 674-6252. This report, Township budgets, and other financial information are available on the Township's website at www.twp.waterford.mi.us under the Fiscal & Human Resources Department. The Township posts its budgets, financial statements, citizen dashboard, and pension actuarial studies on its website for viewing by all interested parties.

Charter Township of Waterford

Statement of Net Position December 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 33,902,976	\$ 13,404,260	\$ 47,307,236	\$ 167,507
Receivables:				
Property taxes receivable	10,635,439	-	10,635,439	-
Receivables from sales to customers on account	-	7,668,926	7,668,926	-
Accrued interest receivable	-	31,427	31,427	-
Due from other governmental units	1,101,672	-	1,101,672	-
Rehabilitation revolving	1,469,438	-	1,469,438	-
Other receivables	172,993	-	172,993	-
Special assessments receivable	356,179	430,833	787,012	-
Inventory	59,692	-	59,692	-
Prepaid items	448,022	32,925	480,947	-
Restricted assets (Note 1)	-	2,998,522	2,998,522	-
Capital assets:				
Assets not subject to depreciation	27,067,224	25,067,459	52,134,683	-
Assets subject to depreciation	25,719,750	86,398,411	112,118,161	61,751
Total assets	100,933,385	136,032,763	236,966,148	229,258
Deferred Outflows of Resources -				
Deferred outflows related to pensions	7,884,452	937,593	8,822,045	-
Liabilities				
Accounts payable	724,589	1,032,839	1,757,428	576
Accrued liabilities and other	379,292	627,844	1,007,136	-
Noncurrent liabilities (Note 6):				
Due within one year:				
Compensated absences	1,706,662	189,972	1,896,634	-
Provision for claims	480,766	162,194	642,960	-
Current portion of long-term debt	1,440,886	2,125,230	3,566,116	-
Due in more than one year:				
Compensated absences	72,965	62,483	135,448	-
Provision for claims	846,838	72,119	918,957	-
Net OPEB obligation	32,388,108	5,059,486	37,447,594	-
Net pension liability	25,821,568	1,280,639	27,102,207	-
Long-term debt	3,921,765	33,975,603	37,897,368	-
Total liabilities	67,783,439	44,588,409	112,371,848	576
Deferred Inflows of Resources				
Property taxes and special assessments levied for the following year	23,325,045	-	23,325,045	-
Deferred inflows related to pensions	522,745	263,757	786,502	-
Total deferred inflows of resources	23,847,790	263,757	24,111,547	-

Charter Township of Waterford

Statement of Net Position (Continued) December 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	\$ 47,424,323	\$ 75,365,037	\$ 122,789,360	\$ 61,751
Restricted for:				
Police	1,387,342	-	1,387,342	-
Debt service	121,224	-	121,224	-
Community development	1,598,782	-	1,598,782	-
Library	1,255,865	-	1,255,865	-
Weed control	229,963	-	229,963	-
Nature center	546,209	-	546,209	-
Capital projects	-	2,998,522	2,998,522	-
Parks and recreation	373,357	-	373,357	-
Unrestricted (deficit)	(35,750,457)	13,754,631	(21,995,826)	166,931
Total net position	<u>\$ 17,186,608</u>	<u>\$ 92,118,190</u>	<u>\$ 109,304,798</u>	<u>\$ 228,682</u>

Charter Township of Waterford

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 8,468,129	\$ 1,832,510	\$ 848,840	\$ -
District Court	2,023,796	1,037,257	180,369	-
Public safety:				
Fire and police	33,814,996	8,366,943	3,280,776	38
Building inspection	1,137,157	594,148	-	-
Public works	341,865	544,191	-	-
Community and economic development	1,365,836	131,393	455,741	-
Recreation and culture	4,106,423	1,368,111	75,445	-
Interest on long-term debt	170,170	-	-	-
Total governmental activities	51,428,372	13,874,553	4,841,171	38
Business-type activities - Enterprise Fund - Water and Sewer Fund	21,864,839	21,668,331	-	750,175
Total primary government	<u>\$ 73,293,211</u>	<u>\$ 35,542,884</u>	<u>\$ 4,841,171</u>	<u>\$ 750,213</u>
Component units:				
Economic Development Corporation	\$ 350	\$ -	\$ -	\$ -
Waterford Youth Assistance Corporation	33,799	1,210	27,785	-
Veterans' Memorial Fund	2,268	300	-	-
Total component units	<u>\$ 36,417</u>	<u>\$ 1,510</u>	<u>\$ 27,785</u>	<u>\$ -</u>

General revenue:

Property taxes
State-shared revenue (unrestricted)
Investment income
Cable franchise fees (unrestricted)
Other miscellaneous income
Gain on sale of assets

Total general revenue

Change in Net Position

Net Position - Beginning of year - As restated (Note 13)

Net Position - End of year

Statement of Activities
Year Ended December 31, 2015

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (5,786,779)	\$ -	\$ (5,786,779)	\$ -
(806,170)	-	(806,170)	-
(22,167,239)	-	(22,167,239)	-
(543,009)	-	(543,009)	-
202,326	-	202,326	-
(778,702)	-	(778,702)	-
(2,662,867)	-	(2,662,867)	-
(170,170)	-	(170,170)	-
(32,712,610)	-	(32,712,610)	-
-	553,667	553,667	-
(32,712,610)	553,667	(32,158,943)	-
-	-	-	(350)
-	-	-	(4,804)
-	-	-	(1,968)
-	-	-	(7,122)
22,021,348	-	22,021,348	-
5,764,563	-	5,764,563	-
176,563	114,119	290,682	1,087
1,250,899	-	1,250,899	-
480,775	-	480,775	110
10,600	-	10,600	-
29,704,748	114,119	29,818,867	1,197
(3,007,862)	667,786	(2,340,076)	(5,925)
20,194,470	91,450,404	111,644,874	234,607
\$ 17,186,608	\$ 92,118,190	\$ 109,304,798	\$ 228,682

Charter Township of Waterford

Governmental Funds Balance Sheet December 31, 2015

	General Fund	Police Fund	Fire Fund	Nonmajor Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 12,462,768	\$ 5,600,368	\$ 5,046,092	\$ 9,962,664	\$ 33,071,892
Receivables:					
Property taxes receivable	3,491,801	2,693,289	2,361,116	2,089,233	10,635,439
Special assessments receivable	191,497	-	-	164,682	356,179
Due from other governmental units	964,229	49,865	87,578	-	1,101,672
Rehabilitation revolving	-	-	-	1,469,438	1,469,438
Other receivables	172,993	-	-	-	172,993
Prepaid items	176,681	153,000	104,135	14,206	448,022
Total assets	\$ 17,459,969	\$ 8,496,522	\$ 7,598,921	\$ 13,700,223	\$ 47,255,635
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 218,402	\$ 64,334	\$ 76,110	\$ 327,980	\$ 686,826
Accrued liabilities and other	75,744	90,337	136,013	44,572	346,666
Total liabilities	294,146	154,671	212,123	372,552	1,033,492
Deferred Inflows of Resources					
Unavailable revenue	1,022,738	-	-	1,501,531	2,524,269
Property taxes and special assessments levied for the following year	8,036,559	5,831,083	5,111,916	4,345,487	23,325,045
Total deferred inflows of resources	9,059,297	5,831,083	5,111,916	5,847,018	25,849,314
Fund Balances					
Nonspendable - Prepays	176,681	153,000	104,135	14,206	448,022
Restricted:					
Police	-	-	-	1,387,342	1,387,342
Debt service	-	-	-	121,224	121,224
Community development	-	-	-	129,344	129,344
Library	-	-	-	1,243,967	1,243,967
Weed control	-	-	-	229,963	229,963
Nature center	-	-	-	546,209	546,209
Parks and recreation	-	-	-	371,049	371,049
Committed:					
Cemetery care	168,704	-	-	-	168,704
Workers' compensation	681,436	-	-	-	681,436
Budget stabilization	1,275,000	-	-	-	1,275,000
Capital projects/Equipment - General	-	-	-	50,000	50,000
Capital projects/Equipment - Fire	-	-	-	50,000	50,000
Capital projects/Equipment - Parks and recreation	-	-	-	45,000	45,000
Assigned:					
Cable related activities	-	-	-	739,958	739,958
Police	-	2,357,768	-	-	2,357,768
Fire	-	-	2,170,747	-	2,170,747
Community development	-	-	-	200,000	200,000
Capital projects	-	-	-	2,352,391	2,352,391
Unassigned	5,804,705	-	-	-	5,804,705
Total fund balances	8,106,526	2,510,768	2,274,882	7,480,653	20,372,829
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,459,969	\$ 8,496,522	\$ 7,598,921	\$ 13,700,223	\$ 47,255,635

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

Charter Township of Waterford

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position December 31, 2015

Fund Balance Reported in Governmental Funds	\$ 20,372,829
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	51,703,173
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	2,524,268
Bonds payable are not due and payable in the current period and are not reported in the funds	(4,690,037)
Accrued interest is not due and payable in the current period and is not reported in the funds	(24,241)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(1,779,627)
Net pension liability and related deferred outflows/inflows of resources are not due and payable in the current period and are not reported in the funds	(18,459,860)
Other postemployment benefit obligation is not reported in the governmental funds	(32,388,108)
Other long-term liabilities do not present a claim on current financial resources and are not reported as fund liabilities	(871,103)
Internal service funds are included as part of governmental activities	799,314
Net Position of Governmental Activities	<u>\$ 17,186,608</u>

Charter Township of Waterford

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2015

	General Fund	Police Fund	Fire Fund	Nonmajor Governmental Funds	Total
Revenue					
Property taxes	\$ 7,402,642	\$ 5,678,770	\$ 4,978,371	\$ 3,979,906	\$ 22,039,689
Licenses and permits	553,492	37,170	-	21,514	612,176
Federal grants	-	183,069	2,539,862	499,522	3,222,453
State-shared revenue and grants	5,944,932	48,250	17,309	478,446	6,488,937
Charges for services	1,523,735	41,053	8,205,194	979,429	10,749,411
Fines and forfeitures	1,232,173	83,517	-	192,059	1,507,749
Investment income	64,048	33,805	30,201	46,222	174,276
Special assessments	500,896	-	-	354,180	855,076
Other revenue:					
Local donations	-	-	-	22,099	22,099
Cable franchise fees	1,113,300	-	-	137,599	1,250,899
Refunds, rebates, and reimbursements	829,766	-	589	1,080	831,435
Other miscellaneous income	90,909	356,061	129,399	52,361	628,730
Total revenue	<u>19,255,893</u>	<u>6,461,695</u>	<u>15,900,925</u>	<u>6,764,417</u>	<u>48,382,930</u>
Expenditures					
Current:					
General government	5,074,958	-	-	280,333	5,355,291
District court	1,965,643	-	-	-	1,965,643
Public safety:					
Police	34,487	11,349,831	-	537,320	11,921,638
Fire	-	-	16,771,087	-	16,771,087
Building inspections	1,053,987	-	-	-	1,053,987
Community and economic development	952,324	-	-	347,926	1,300,250
Recreation and culture	-	-	-	3,593,989	3,593,989
Capital outlay	100,296	276,415	305,141	1,075,894	1,757,746
Debt service	130,088	-	-	1,267,575	1,397,663
Total expenditures	<u>9,311,783</u>	<u>11,626,246</u>	<u>17,076,228</u>	<u>7,103,037</u>	<u>45,117,294</u>
Excess of Revenue Over (Under) Expenditures	9,944,110	(5,164,551)	(1,175,303)	(338,620)	3,265,636
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	-	-	-	10,600	10,600
Transfers in (Note 5)	-	5,375,000	1,977,500	915,000	8,267,500
Transfers out (Note 5)	(8,172,500)	-	(50,000)	(45,000)	(8,267,500)
Total other financing (uses) sources	<u>(8,172,500)</u>	<u>5,375,000</u>	<u>1,927,500</u>	<u>880,600</u>	<u>10,600</u>
Net Change in Fund Balances	1,771,610	210,449	752,197	541,980	3,276,236
Fund Balances - Beginning of year	<u>6,334,916</u>	<u>2,300,319</u>	<u>1,522,685</u>	<u>6,938,673</u>	<u>17,096,593</u>
Fund Balances - End of year	<u>\$ 8,106,526</u>	<u>\$ 2,510,768</u>	<u>\$ 2,274,882</u>	<u>\$ 7,480,653</u>	<u>\$ 20,372,829</u>

Charter Township of Waterford

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 3,276,236
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	1,893,200
Depreciation expense	(1,839,635)
Net book value of assets disposed of	(463,471)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	(122,903)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,232,932
Change in accrued interest payable and other	5,940
Decrease in accumulated employee sick and vacation pay, workers' compensation, and general liability expenses reported in the statement of activities does not require use of current resources, and therefore is not reported in the fund statements until it comes due for payment	290,919
Increase in net pension liability, deferred outflows, and deferred inflows of resources related to pensions reported in the statement of activities does not require the use of current resources, and therefore is not reported in the fund statements	(1,169,679)
Other postemployment benefit obligation expense recognized in the statement of activities, but not in the governmental funds	(5,894,505)
Internal service funds are included as part of governmental activities	(216,896)
Change in Net Position of Governmental Activities	<u>\$ (3,007,862)</u>

Charter Township of Waterford

Proprietary Funds Statement of Net Position December 31, 2015

	Enterprise Fund Water and Sewer Fund	Governmental Activities Internal Service Funds
Assets		
Current assets:		
Cash and investments (Note 3)	\$ 13,404,260	\$ 831,084
Receivables:		
Special assessments receivable	430,833	-
Receivables from sales to customers on account	7,668,926	-
Accrued interest receivable	31,427	-
Inventory	-	59,692
Prepaid expenses and other assets	32,925	-
Total current assets	21,568,371	890,776
Noncurrent assets:		
Restricted assets (Note 1)	2,998,522	-
Capital assets (Note 4):		
Assets not subject to depreciation	25,067,459	-
Assets subject to depreciation	86,398,411	1,083,801
Total noncurrent assets	114,464,392	1,083,801
Total assets	136,032,763	1,974,577
Deferred Outflows of Resources - Related to pension	937,593	-
Liabilities		
Current liabilities:		
Accounts payable	1,032,839	37,763
Accrued liabilities and other	627,844	8,385
Compensated absences	189,972	-
Current liabilities payable	162,194	-
Current portion of long-term debt (Note 6)	2,125,230	129,585
Total current liabilities	4,138,079	175,733
Noncurrent liabilities:		
Compensated absences	62,483	-
Provision for claims	72,119	456,501
Net OPEB obligation	5,059,486	-
Net pension liability	1,280,639	-
Long-term debt (Note 6)	33,975,603	543,029
Total noncurrent liabilities	40,450,330	999,530
Total liabilities	44,588,409	1,175,263
Deferred Inflows of Resources - Deferred inflows related to pensions	263,757	-
Net Position		
Net investment in capital assets	75,365,037	411,187
Restricted - Capital projects	2,998,522	-
Unrestricted	13,754,631	388,127
Total net position	\$ 92,118,190	\$ 799,314

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

Charter Township of Waterford

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2015

	Enterprise Fund	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
Operating Revenue		
Sale of water	\$ 5,767,266	\$ -
Sewage disposal charges	15,606,349	-
Other sales to customers	32,237	-
Other charges for services	262,479	219,899
	21,668,331	219,899
Operating Expenses		
Cost of water	1,600,899	-
Cost of sewage treatment	9,259,783	-
Other operation and maintenance	727,738	-
Billing and administrative costs	5,677,345	17,771
Unemployment costs	-	77,995
Depreciation	4,022,724	277,326
	21,288,489	373,092
	379,842	(153,193)
Operating Income (Loss)		
Nonoperating Revenue (Expenses)		
Investment income	114,119	2,425
Interest expense	(576,350)	(11,379)
Loss on sale of assets	-	(54,749)
	(462,231)	(63,703)
Loss - Before contributions	(82,389)	(216,896)
Capital Contributions - Principal forgiveness on capital debt, tap-in fees, system burden fees, and other	750,175	-
Change in Net Position	667,786	(216,896)
Net Position - Beginning of year - As restated (Note 13)	91,450,404	1,016,210
Net Position - End of year	\$ 92,118,190	\$ 799,314

Charter Township of Waterford

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2015

	Enterprise Fund Water and Sewer Fund	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities		
Receipts from customers	\$ 19,201,964	\$ 219,899
Payments to suppliers	(13,480,983)	(21,815)
Payments to employees	(3,579,605)	-
	2,141,376	198,084
Net cash provided by operating activities		
Cash Flows from Capital and Related Financing Activities		
Issuance of debt	2,401,694	811,783
Receipt of capital grants	210,883	-
Special assessment collections	65,919	-
Benefit fees (for the purpose of defraying the cost of capital assets)	250,018	-
Proceeds from sales of capital assets	-	(54,749)
Purchase of capital assets	(2,985,845)	(751,481)
Principal and interest paid on capital debt	(2,445,737)	(142,163)
	(2,503,068)	(136,610)
Net cash used in capital and related financing activities		
Cash Flows from Investing Activities		
Interest received on investments	124,098	2,425
Proceeds from sale and maturities of investment securities	443,186	-
	567,284	2,425
Net cash provided by investing activities		
Net Increase in Cash and Cash Equivalents	205,592	63,899
Cash and Cash Equivalents - Beginning of year	6,489,366	767,185
Cash and Cash Equivalents - End of year	\$ 6,694,958	\$ 831,084
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and investments	\$ 13,404,260	\$ 831,084
Less amounts classified as investments	(6,709,302)	-
	\$ 6,694,958	\$ 831,084
Total cash and cash equivalents		
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities		
Operating income (loss)	\$ 379,842	\$ (153,193)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	4,022,724	277,326
Changes in assets and liabilities:		
Receivables	(2,450,372)	-
Inventories	-	(1,487)
Prepaid and other assets	(32,925)	-
Accounts payable	(214,697)	(2,557)
Estimated claims liability	-	77,995
Accrued and other liabilities	436,804	-
	2,141,376	198,084
Net cash provided by operating activities	\$ 2,141,376	\$ 198,084

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2015, the Water and Sewer Fund received approximately \$251,000 of lines donated by developers. In addition, Oakland County constructed approximately \$4.1 million of sewer lines for the Oakland-Macomb Interceptor project, for which the Township incurred long-term debt of approximately \$3.1 million.

Charter Township of Waterford

Fiduciary Funds Statement of Fiduciary Net Position December 31, 2015

	Pension and Other Postemployment Benefits	Agency Funds
Assets		
Cash and cash equivalents	\$ 915,302	\$ 2,080,784
Investments:		
Fixed-income funds	35,318,533	-
Stocks	80,165,958	-
Mutual funds	29,365,332	-
Real estate investment trusts	2,301,689	-
Pension manager short-term debt	3,981,284	-
Securities lending short-term collateral bank investment pool - Mutual funds	2,262,840	-
Due from broker	81,651	-
Prepaid items	791,714	-
Accrued income	69,712	-
Total assets	155,254,015	\$ 2,080,784
Liabilities		
Accounts payable	320,759	\$ -
Due to other governmental units	-	1,151,171
Bonds and other deposits	-	818,833
Accrued liabilities and other	-	110,780
Obligations under securities lending agreements	2,373,219	-
Total liabilities	2,693,978	\$ 2,080,784
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 152,560,037	

Charter Township of Waterford

Fiduciary Funds Statement of Changes in Fiduciary Net Position Pension and Other Postemployment Benefits Year Ended December 31, 2015

	Pension and Other Postemployment Benefits
Additions	
Investment income (loss):	
Interest and dividends	\$ 4,198,267
Net decrease in fair value of investments	<u>(4,422,460)</u>
Net investment loss	(224,193)
Contributions:	
Employer	10,437,300
Employee	<u>491,348</u>
Total contributions	<u>10,928,648</u>
Total additions	10,704,455
Deductions	
Benefit payments	15,908,831
Administrative expenses	<u>944,835</u>
Total deductions	<u>16,853,666</u>
Net Decrease in Net Position Held in Trust	(6,149,211)
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>158,709,248</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u><u>\$ 152,560,037</u></u>

Charter Township of Waterford

Component Units Statement of Net Position December 31, 2015

	Economic Development Corporation	Waterford Youth Assistance Corporation	Veterans' Memorial Fund	Total
Assets				
Cash and cash equivalents	\$ 90,011	\$ 72,684	\$ 4,812	\$ 167,507
Capital assets subject to depreciation	-	-	61,751	61,751
Total assets	90,011	72,684	66,563	229,258
Liabilities - Accounts payable	-	576	-	576
Net Position				
Net investment in capital assets	-	-	61,751	61,751
Unrestricted	90,011	72,108	4,812	166,931
Total net position	<u>\$ 90,011</u>	<u>\$ 72,108</u>	<u>\$ 66,563</u>	<u>\$ 228,682</u>

Charter Township of Waterford

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Economic Development Corporation - General government	\$ 350	\$ -	\$ -	\$ -
Waterford Youth Assistance Corporation - Community and economic development	33,799	1,210	27,785	-
Veterans' Memorial Fund - General government	2,268	300	-	-
Total component units	<u>\$ 36,417</u>	<u>\$ 1,510</u>	<u>\$ 27,785</u>	<u>\$ -</u>

General revenue:

Investment income

Other miscellaneous income

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

**Component Units
Statement of Activities
Year Ended December 31, 2015**

Net (Expense) Revenue and Changes in Net Position			
Economic Development Corporation	Waterford Youth Assistance Corporation	Veterans' Memorial Fund	Total
\$ (350)	\$ -	\$ -	\$ (350)
-	(4,804)	-	(4,804)
-	-	(1,968)	(1,968)
(350)	(4,804)	(1,968)	(7,122)
562	525	-	1,087
110	-	-	110
322	(4,279)	(1,968)	(5,925)
89,689	76,387	68,531	234,607
\$ 90,011	\$ 72,108	\$ 66,563	\$ 228,682

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note I - Summary of Significant Accounting Policies

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

Reporting Entity

The Township is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township (see discussion below for description).

The Charter Township of Waterford's Police and Fire Retirement System, the Charter Township of Waterford's General Employees' Retirement System, and Other Postemployment Benefit Trust Fund have been blended into the Township's financial statements. These systems are governed by a five-member pension board that includes the Township treasurer, two elected individuals chosen by the Township board, and two members of the retirement systems that are elected by members of the retirement systems. The systems are reported as if they were part of the primary government because of the fiduciary responsibility that the Township retains relative to the operations of each system. The operations of the Police and Fire Retirement System, the General Employees' Retirement System, and Other Postemployment Benefit Trust Fund are reported as Pension and Other Postemployment Benefit Trust Funds.

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

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

Discretely Presented Component Units - The following component units are reported within the component units column in the combined financial statements. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township. The component units do not issue separate financial statements.

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

- (a) The Waterford Youth Assistance Corporation was created to mobilize community interest and forces toward youth and family adjustment and to aid in the prevention of juvenile delinquency and neglect. The Waterford Youth Assistance Corporation's governing body is appointed by the Township board. The Township also has the ability to impose its will on the component unit.
- (b) The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township so as to provide needed services and facilities of such enterprises to the residents of the Township. The Economic Development Corporation's governing body, which consists of 11 individuals, is selected by the supervisor and approved by the Township board. The Township also has the ability to impose its will on the component unit.
- (c) The Veterans' Memorial Fund was created for the sole purpose of building and maintaining a memorial to all veterans who have served honorably in the military service of the United States. The Veterans' Memorial Fund's governing body, which consists of five individuals, is selected by the supervisor and approved by the Township board. The Township also has the ability to impose its will on the component unit.

Accounting and Reporting Principles

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

Report Presentation

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note I - Summary of Significant Accounting Policies (Continued)

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

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

Fund Accounting

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

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- The Police Fund accounts for the operations of the law enforcement activities of the Township. Funding is provided primarily through a local property tax levy and through transfers in from the General Fund.
- The Fire Fund accounts for the operations of the fire department of the Township. Funding is provided primarily through a local property tax levy and through transfers in from the General Fund.

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note I - Summary of Significant Accounting Policies (Continued)

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

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

The Township’s internal service funds are used to account for the financing of goods and services provided by one department to other departments of the Township on a cost reimbursement basis.

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

- The Pension and Other Employee Benefits Trust funds which account for the activities of the employee benefit plans that accumulate resources for pension and other postemployment benefit payments to qualified employees.
- The Agency Funds which record primarily tax collections received and remitted to other units of government (the county, community college, school district, etc.), as well as building bonds and deposits, held for temporary periods. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement or results of operations.

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note I - Summary of Significant Accounting Policies (Continued)

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

Basis of Accounting

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

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

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

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

Specific Balances and Transactions

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note I - Summary of Significant Accounting Policies (Continued)

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

Restricted Assets - The Township has \$2,998,522 on deposit at the County that is being held for certain projects of the Water and Sewer Fund.

Capital Assets - Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 for personal property, \$10,000 for infrastructure, \$50,000 for buildings and improvements, \$75,000 for intangible assets, and no threshold for land, land improvements, telecommunications equipment, and library books with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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	Lives
Buildings and improvements	10-40 years
Infrastructure	40 years
Lines and laterals	75 years
Machinery and office equipment, vehicles, and other	3-15 years

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note I - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

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

Net Position Flow Assumption

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note I - Summary of Significant Accounting Policies (Continued)

Fund Balance Flow Assumption

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

Fund Balance Policies

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

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

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note I - Summary of Significant Accounting Policies (Continued)

The Township Board has adopted, by ordinance, a Budget Stabilization Fund under Michigan's Public Act 30 of 1978. The board of directors may, with a 2/3 vote, set aside General Fund surplus, up to a maximum of 15 percent of the most recent General Fund budget (or average of the five most recent budgets, if less). An appropriation from the Budget Stabilization Fund, which also requires a 2/3 vote of the board of directors, may only occur to correct a budget shortfall, or in the case of a natural disaster. The balance at December 31, 2015 of the stabilization amount, which is reported in the General Fund, is \$1,275,000.

Property Tax Revenue

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

The Township's 2014 tax is levied and collectible on December 1, 2014 and is recognized as revenue in the year ended December 31, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2014 taxable valuation of the Township totaled \$1.90 billion, on which ad valorem taxes levied consisted of 3.8478 mills for operating purposes, 3.00 mills for police, 2.63 mills for the fire department, .9118 mills for the library, .50 mills for parks and recreation, and .69 mills for debt on the public safety building. This resulted in \$7.28 million for operating, \$5.70 million for police, \$5.0 million for the fire department, \$1.73 million for the library, \$948,000 for parks and recreation, and \$1.31 million for debt on the public safety building. These amounts are recognized in the respective General, Special Revenue, and Debt Service Funds financial statements as tax revenue.

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note I - Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefit Costs - The Township offers retiree healthcare benefits to retirees. The Township receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

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

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 are charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 2 - Stewardship, Compliance, and Accountability

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

Shortfall at January 1, 2015		\$ (5,979,612)
Current year building permit revenue		550,647
Related expenses:		
Construction code expenses - Related expenses -		
Direct costs	\$ 895,957	
Estimated indirect costs	-	895,957
Current year shortfall		(345,310)
Cumulative shortfall at December 31, 2015		<u>\$ (6,324,922)</u>

Note 3 - Deposits and Investments

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

	Governmental Activities	Business-type Activities	Government- wide Activities	Fiduciary Funds	Total Primary Government	Component Units
Cash and investments	<u>\$ 33,902,976</u>	<u>\$ 13,404,260</u>	<u>\$ 47,307,236</u>	<u>\$ 156,391,722</u>	<u>\$ 203,698,958</u>	<u>\$ 167,507</u>

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

	Primary Government	Component Units
Deposits with financial institutions	\$ 24,545,983	\$ 167,507
Investments:		
Equity securities or funds	109,531,290	-
Debt securities or funds	36,319,273	-
Short-term funds (2a7-like)	27,019,439	-
Real estate and other	6,282,973	-
Total	<u>\$ 203,698,958</u>	<u>\$ 167,507</u>

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 3 - Deposits and Investments (Continued)

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

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

The Township has designated 14 banks for the deposit of its funds. The investment policy adopted by the board for nonpension assets in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the Township's Police and Fire Retirement System and Regular Employees' Retirement System (the "Retirement Systems") lend securities to banks for collateral that will be returned for the same securities in the future. The Retirement Systems' custodial bank manages the securities lending program and receives cash as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities. During the year ended December 31, 2015, only United States currency was received as collateral.

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 3 - Deposits and Investments (Continued)

The Township's Retirement Systems and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of such investment pools as of December 31, 2015 did not generally match the duration of the investments made with cash collateral. On December 31, 2015, the Retirement Systems had no credit risk exposure to borrowers. The collateral held and the fair market value of the underlying securities on loan for the Retirement Systems as of December 31, 2015 were \$1,607,005 and \$1,579,376, respectively, for the Police and Fire Retirement System and \$655,835 and \$685,662, respectively, for the General Employees' Retirement System. A portion of the cash collateral received on each loan was invested, together with the cash collateral of other lenders, in a pool. The remaining collateral was invested in assets held by each system. The remaining investments held in the pool and the other investments of collateral consist of a floating rate note not rated by S&P and mutual funds with an S&P rating of AAAm.

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 \$24,709,297 of bank deposits (certificates of deposit and checking and savings accounts). Of that amount, \$4,316,107 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

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

Government-wide Activities	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Agency securities	\$ 1,000,740	\$ -	\$ 1,000,740	\$ -	\$ -
Fixed-income pool	24,756,599	-	24,756,599	-	-
Total	\$ 25,757,339	\$ -	\$ 25,757,339	\$ -	\$ -

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 3 - Deposits and Investments (Continued)

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

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Government-wide Activities			
Agency securities	\$ 1,000,740	AA+	S&P
Fixed-income pool	<u>24,756,599</u>	Not rated	-
Total	<u>\$ 25,757,339</u>		
Fiduciary Funds			
Fixed-income pool	<u>\$ 2,262,842</u>	AAA	S&P

Concentration of Credit Risk - The Township places no limit on the amount it may invest in any one issuer. More than 49 percent of the Township's government-wide activities cash and investments are in the Oakland County Local Government Investment Pool (the "LGIP"). The LGIP is not registered with the SEC and does not issue a separate report. The LGIP is managed as a 2(a)7 fund with its net asset value maintained at \$1. Fair value of the position in the pool is the same as the value of the pool shares.

More than 5 percent of the Township's fiduciary investments are in an S&P Composite Index Fund, Loomis Sayles Core Plus, Vanguard FTSE Developed ETF, and Ridgeworth Total Return Bond Fund (7.00, 6.55, 7.12, and 9.15 percent, respectively).

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 4 - Capital Assets

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

	Balance January 1, 2015	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2015
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 27,111,094	\$ -	\$ -	\$ (43,870)	\$ 27,067,224
Construction in progress	79,265	(79,265)	-	-	-
Subtotal	27,190,359	(79,265)	-	(43,870)	27,067,224
Capital assets being depreciated:					
Infrastructure	14,299,248	-	126,189	-	14,425,437
Buildings and improvements	31,234,007	62,321	563,464	(1,270,872)	30,588,920
Machinery and office equipment, vehicles, and other	27,545,010	16,944	2,015,329	(1,510,105)	28,067,178
Subtotal	73,078,265	79,265	2,704,982	(2,780,977)	73,081,535
Accumulated depreciation:					
Infrastructure	11,960,690	-	105,924	-	12,066,614
Buildings and improvements	13,246,149	-	717,912	(945,177)	13,018,884
Machinery and office equipment, vehicles, and other	22,339,060	-	1,293,125	(1,355,898)	22,276,287
Subtotal	47,545,899	-	2,116,961	(2,301,075)	47,361,785
Net capital assets being depreciated	25,532,366	79,265	588,021	(479,902)	25,719,750
Net capital assets	\$ 52,722,725	\$ -	\$ 588,021	\$ (523,772)	\$ 52,786,974
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 3,455,491	\$ -	\$ -	\$ -	\$ 3,455,491
Construction in progress	26,841,819	(10,709,156)	5,479,305	-	21,611,968
Subtotal	30,297,310	(10,709,156)	5,479,305	-	25,067,459
Capital assets being depreciated:					
Lines and laterals	107,525,468	10,709,156	755,767	-	118,990,391
Buildings and improvements	25,174,070	-	-	-	25,174,070
Machinery and office equipment, vehicles, and other	7,953,075	-	208,935	-	8,162,010
Oakland-Macomb Interceptor - Joint assets	6,884,043	-	-	-	6,884,043
Subtotal	147,536,656	10,709,156	964,702	-	159,210,514
Accumulated depreciation:					
Water and sewer lines	50,474,497	-	2,994,074	53,518	53,522,089
Buildings and improvements	10,889,143	-	555,554	-	11,444,697
Machinery and office equipment, vehicles, and other	6,566,896	-	191,839	-	6,758,735
Oakland-Macomb Interceptor - Joint assets	805,325	-	281,257	-	1,086,582
Subtotal	68,735,861	-	4,022,724	53,518	72,812,103
Net capital assets being depreciated	78,800,795	10,709,156	(3,058,022)	(53,518)	86,398,411
Net capital assets	\$ 109,098,105	\$ -	\$ 2,421,283	\$ (53,518)	\$ 111,465,870

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 4 - Capital Assets (Continued)

During the year, the Veterans' Memorial Fund, a discretely presented component unit of the Township, had no additions or disposals of capital assets. Therefore, there was no change in the asset balance of \$72,650 in 2015. During the year, depreciation expense of \$2,180 was recorded. Net memorial being depreciated is \$61,751 as of December 31, 2015.

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

Governmental activities:

General government	\$ 616,357
Public safety	1,009,633
District Court	51,990
Community and economic development	33,477
Recreation and culture	405,504
Total governmental activities	<u>\$ 2,116,961</u>
Business-type activities - Water and sewer	<u>\$ 4,022,724</u>

Construction Commitments - The Township has active construction projects at December 31, 2015. At year end, the Township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Pump station upgrades	\$ 3,192,814	\$ 363,781
Water main replacement project	1,698,340	7,397
Water main lining projects	3,870,457	85,909
Trenchless sewer rehabilitation project	190,949	35,430
Total	<u>\$ 8,952,560</u>	<u>\$ 492,517</u>

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 5 - Interfund Receivables, Payables, and Transfers

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

<u>Funds Providing Resources</u>	<u>Funds Receiving Resources</u>	<u>Amount</u>
General Fund	Fire Fund	\$ 1,977,500
	Police Fund	5,375,000
	Other nonmajor governmental funds	<u>820,000</u>
	Total General Fund	<u>\$ 8,172,500</u>
Fire Fund	Other nonmajor governmental funds	<u>\$ 50,000</u>
Other nonmajor governmental funds	Other nonmajor governmental funds	<u>\$ 45,000</u>

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

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.

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General Obligation Unlimited Tax Bond:							
Refunding Bonds - Series 2009:							
Amount of issue - \$9,600,000	3.00% -	\$1,040,000 -					
Maturing through 2018	3.50%	\$1,360,000	\$ 4,965,000	\$ -	\$ 1,125,000	\$ 3,840,000	\$ 1,200,000
General Obligation Unlimited Tax Bond:							
Refunding Bonds - Series 2012:							
Amount of issue - \$1,151,550	2.00% -	\$107,932 -					
Maturing through 2023	3.00%	\$123,654	957,969	-	107,932	850,037	111,301
Installment Purchase Agreement:							
Amount of issue - \$811,783		\$129,585 -					
Maturing through 2020	1.87%	\$139,553	-	811,783	139,169	672,614	129,585
Total bonds payable			5,922,969	811,783	1,372,101	5,362,651	1,440,886
Other long-term liabilities:							
Employee compensated absences			1,968,167	2,103,251	2,291,791	1,779,627	1,706,662
Estimated liability for workers' compensation claims (Note 12)			703,465	167,818	320,190	551,093	160,756
Estimated liability for unemployment claims			399,598	56,903	-	456,501	-
Estimated liability for general liability claims (Note 12)			270,017	191,588	141,595	320,010	320,010
Net pension liability (Notes 7 and 8)			17,290,181	8,531,387	-	25,821,568	-
Other postemployment benefit obligations (Note 9)			26,493,603	5,894,505	-	32,388,108	-
Total governmental activities			<u>\$ 53,048,000</u>	<u>\$ 17,757,235</u>	<u>\$ 4,125,677</u>	<u>\$ 66,679,558</u>	<u>\$ 3,628,314</u>

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
Drinking Water Relief Fund, Series 2013A: Amount of issue - \$6,994,654 Maturing through 2033	2.00%	\$289,654 - \$420,000	\$ 4,711,326	\$ 1,719,297	\$ 295,000	\$ 6,135,623	\$ 300,000
Sewer Relief Fund, Series 2013B: Amount of issue - \$4,130,000 Maturing through 2035	2.00%	\$170,000 - \$245,000	2,937,591	682,397	-	3,619,988	170,000
Sewer Relief Fund - Series 2007-B: Amount of issue - \$3,745,000 Maturing through 2027	1.625%	\$160,000 - \$215,000	2,392,393	-	170,000	2,222,393	170,000
Drinking Water Relief Fund - Series 2007-C: Amount of issue - \$8,905,000 Maturing through 2028	2.125%	\$375,000 - \$540,000	6,588,831	-	410,000	6,178,831	415,000
General Obligation Unlimited Tax Bond: Refunding Bonds - Series 2012: Amount of issue - \$3,307,031 Maturing through 2023	2.00% - 3.00%	\$234,528 - \$366,346	2,762,031	-	312,068	2,449,963	323,699
Oakland-Macomb Sewer Interceptor, Series 2010A: Amount of issue - \$3,510,038 Maturing through 2030	2.50%	\$147,396 - \$220,084	3,088,580	-	147,394	2,941,186	151,434
Oakland-Macomb Sewer Interceptor, Series 2010B: Amount of issue - \$901,874 Maturing through 2030	1.15% - 5.90%	\$33,652 - \$69,996	782,745	-	33,652	749,093	34,998
Oakland-Macomb Sewer Interceptor, Series 2011: Amount of issue - \$4,219,251 Maturing through 2033	2.50%	\$169,398 - \$245,421	3,501,914	552,070	169,398	3,884,586	173,530
Oakland-Macomb Sewer Interceptor, Series 2013A: Amount of issue - \$9,206,996 Maturing through 2034	2.00%	\$360,749 - \$480,562	5,734,666	2,563,300	378,796	7,919,170	386,569
Total bonds payable			32,500,077	5,517,064	1,916,308	36,100,833	2,125,230
Employee compensated absences			241,074	335,180	323,799	252,455	189,972
Estimated liability for workers' compensation claims (Note 12)			149,530	11,427	59,137	101,820	29,701
Estimated liability for general liability claims (Note 12)			112,173	78,944	58,624	132,493	132,493
Net pension liability (Note 8)			505,328	775,311	-	1,280,639	-
Other postemployment benefit obligations (Note 9)			4,124,991	934,495	-	5,059,486	-
Total business-type activities			\$ 37,633,173	\$ 7,652,421	\$ 2,357,868	\$ 42,927,726	\$ 2,477,396

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 6 - Long-term Debt (Continued)

During 2009, Macomb and Oakland counties jointly established the Oakland-Macomb Interceptor Drain - Drainage District (OMID), an intercounty drainage district, under Chapter 21 of the Drain Code. The OMID was created to acquire, operate, and maintain the Oakland-Macomb Interceptor (OMI); title to the OMI was transferred from the City of Detroit to the OMID as part of a settlement agreement with the City of Detroit reached in May 2009. The OMID apportioned the responsibility to pay the debt required to finance this project to the participating cities, townships, and villages located in the two counties. No additional debt is expected to be incurred related to the Series 2010A and Series 2010B bonds. The Township has tentatively been advised that its other assessments to pay the debt related to this project are \$4,219,251 for the Series 2011 bond and \$9,206,996 for the Series 2013A bond. To date, the Township has incurred \$16.9 million of debt and other liabilities related to the project. The Township prefunded the Series 2014 obligation; therefore, it is not included in the debt. As the OMID project is not complete, future payment amounts for the Township's share of the Series 2011 and Series 2013A OMID debt are not yet finalized.

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

Years Ending December 31	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 1,440,886	\$ 140,026	\$ 1,580,912	\$ 2,125,230	\$ 826,689	\$ 2,951,919
2017	1,526,678	96,848	1,623,526	2,179,151	781,534	2,960,685
2018	1,610,270	47,758	1,658,028	2,220,471	735,189	2,955,660
2019	256,153	18,378	274,531	2,275,065	684,198	2,959,263
2020	263,207	12,649	275,856	2,335,742	631,774	2,967,516
2021-2025	265,457	13,644	279,101	11,197,623	2,374,816	13,572,439
2026-2030	-	-	-	9,923,794	1,163,741	11,087,535
2031-2035	-	-	-	3,843,757	239,371	4,083,128
Total	<u>\$ 5,362,651</u>	<u>\$ 329,303</u>	<u>\$ 5,691,954</u>	<u>\$ 36,100,833</u>	<u>\$ 7,437,312</u>	<u>\$ 43,538,145</u>

Note 7 - Pension Plan - Police and Fire Retirement System

Pension Plan Description

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

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

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

Employees Covered by Benefit Terms - At December 31, 2015, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	128
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>101</u>
Total employees covered by the plan	<u><u>232</u></u>

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

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by Township ordinances and negotiations with the Township's collective bargaining units. For the year ended December 31, 2015, the active member contribution rate was 5.0 percent of annual pay and the Township's contribution rate was 36.5 percent of annual payroll.

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

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

Deferred Retirement Option Program (DROP)

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

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the pension board's adopted asset allocation policy as of December 31, 2015:

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

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

Rate of Return - For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -1.49 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

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

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

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

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

The balances of the reserve accounts at December 31, 2015 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 43,008,127	\$ 43,008,127
Employee reserve	6,182,555	6,182,555
Employer reserve	33,654,066	33,654,066

Net Pension Liability

The components of the net pension liability of the Township at December 31, 2015 were as follows:

Total pension liability	\$ 106,128,189
Plan fiduciary net position	<u>(82,844,748)</u>
Township's net pension liability	<u>\$ 23,283,441</u>
Plan fiduciary net position as a percentage of the total pension liability	78.1 %

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

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

The Township has chosen to use December 31, 2015 as its measurement date for the net pension liability. The December 31, 2015 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of December 31, 2014, which used updated procedures to roll forward the estimated liability to December 31, 2015.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2014	\$ 104,247,639	\$ 88,104,799	\$ 16,142,840
Service cost	1,616,532	-	1,616,532
Interest	7,100,713	-	7,100,713
Differences between expected and actual experience	397,609	-	397,609
Contributions - Employer	-	3,263,241	(3,263,241)
Contributions - Employee	-	395,861	(395,861)
Net investment income	-	(1,162,337)	1,162,337
Benefit payments, including refunds	(7,234,304)	(7,234,304)	-
Administrative expenses	-	(522,512)	522,512
Net changes	1,880,550	(5,260,051)	7,140,601
Balance at December 31, 2015	\$ 106,128,189	\$ 82,844,748	\$ 23,283,441

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

For the year ended December 31, 2015, the Township recognized pension expense of \$4,377,632. At December 31, 2015, the Township reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 277,209
Net difference between projected and actual earnings on pension plan investments	5,749,002
Total	\$ 6,026,211

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

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

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

Years Ending June 30	Amount
2016	\$ 1,557,651
2017	1,557,651
2018	1,473,660
2019	1,437,249

Actuarial Assumptions - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

Projected Cash Flows

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2015 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

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

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

	1 Percent Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percent Increase (8.0%)
Net pension liability of the Township	\$ 35,024,346	\$ 23,283,441	\$ 13,399,837

Note 8 - Pension Plan - General Employees' Retirement System

Pension Plan Description

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

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

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

Employees Covered by Benefit Terms - At the December 31, 2015, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	160
Inactive plan members entitled to but not yet receiving benefits	31
Active plan members	<u>96</u>
Total employees covered by the plan	<u>287</u>

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

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the Township Charter, union contracts, and plan provisions. For the year ended December 31, 2015, the active member contribution rate was 5.0 percent of annual pay and the Township's contribution rate was 27.1 percent of annual payroll.

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

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

Deferred Retirement Option Program

Employees in the Dispatch Union are eligible to participate in the DROP. There are currently eight members in this group. Effective January 1, 2008, any member of the Waterford Township Dispatchers Association hired on or before June 30, 2006 may participate in the DROP after attaining the minimum requirements for a normal service retirement. A monthly amount equal to the amount that would have been paid had the member retired and current member contributions accumulate in the DROP account. The account is credited with the system's prior calendar year's market rate of return (but not greater than 4 percent interest) each year. Additions cease at the earlier of five years of DROP participation or separation from service, although interest on the DROP account will continue to accrue during such time. Participants may continue in covered employment after five years of participation or until their 33rd year of service, but do not accumulate additional service credit. Upon actual retirement, the member may receive the DROP account balance in the form of a lump sum or as an additional annuity. Member contributions continue during the DROP period. Upon exit from the DROP, the original monthly amount established upon entry in the DROP continues in addition to any other benefits or adjustments. Member contributions made during the DROP period are added to the DROP account. There was one DROP member at December 31, 2015.

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the pension board's adopted asset allocation policy as of December 31, 2015:

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

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

Rate of Return - For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.25 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

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

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

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

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

The balances of the reserve accounts at December 31, 2015 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 32,299,041	\$ 32,299,041
Employee reserve	290,022	290,022
Employer reserve	27,151,349	27,151,349

Net Pension Liability

The components of the net pension liability of the Township at December 31, 2015 were as follows:

Total pension liability	\$ 63,559,178
Plan fiduciary net position	<u>(59,740,412)</u>
Township's net pension liability	<u>\$ 3,818,766</u>
Plan fiduciary net position as a percentage of the total pension liability	94.0 %

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

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

The Township has chosen to use December 31, 2015 as its measurement date for the net pension liability. The December 31, 2015 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of December 31, 2014, which used updated procedures to roll forward the estimated liability to December 31, 2015.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2014	\$ 63,090,909	\$ 61,438,239	\$ 1,652,670
Service cost	900,676	-	900,676
Interest	4,322,215	-	4,322,215
Differences between expected and actual experience	(1,163,975)	-	(1,163,975)
Contributions - Employer	-	1,555,154	(1,555,154)
Contributions - Employee	-	17,565	(17,565)
Net investment income	-	721,215	(721,215)
Benefit payments, including refunds	(3,590,647)	(3,590,647)	-
Administrative expenses	-	(401,114)	401,114
Net changes	468,269	(1,697,827)	2,166,096
Balance at December 31, 2015	<u>\$ 63,559,178</u>	<u>\$ 59,740,412</u>	<u>\$ 3,818,766</u>

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

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

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

For the year ended December 31, 2015, the Township recognized pension expense of \$1,711,916. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 786,502
Net difference between projected and actual earnings on pension plan investments	<u>2,795,836</u>	<u>-</u>
Total	<u>\$ 2,795,836</u>	<u>\$ 786,502</u>

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 June 30	Amount
2016	\$ 321,486
2017	321,486
2018	667,403
2019	698,959

Actuarial Assumptions - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

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

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

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2015 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

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

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

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

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

	1 Percent Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percent Increase (8.0%)
Net pension liability (asset) of the Township	\$ 11,046,763	\$ 3,818,766	\$ (2,323,561)

Note 9 - Other Postemployment Benefits

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

This is a single-employer defined benefit plan administered by the Township. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions. The Township includes pre-Medicare retirees and their dependents in its insured healthcare plan, with no contribution required by the participant. The Township purchases Medicare supplemental insurance for retirees eligible for Medicare.

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's collective bargaining units. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). However, as shown below, the Township has made contributions to advance-fund these benefits, as determined by the Township's board through annual budget resolutions. The costs of administering the plan are borne by the Retiree Health Care Fund. Currently, the retirees are not required to contribute. Generally the funds that report each employee's compensation (the General Fund, Police Fund, Fire Fund, and Water and Sewer Fund, primarily) are used to pay premiums and liquidate the obligation.

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 9 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended December 31, 2015, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2014. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 12,015,032
Interest on the prior year's net OPEB obligation	1,530,930
Less adjustment to the annual required contribution	<u>(1,098,057)</u>
Annual OPEB cost	12,447,905
Amounts contributed:	
Payments of current premiums	(5,083,880)
Advance funding	<u>(535,025)</u>
Increase in net OPEB obligation	6,829,000
OPEB obligation - Beginning of year	<u>30,618,594</u>
OPEB obligation - End of year	<u>\$ 37,447,594</u>

Employer contributions and annual OPEB cost data for the current and preceding years are as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
12/31/10	12/31/08	\$ 8,909,087	\$ 8,980,980	47.7 %	\$ 9,777,880
12/31/11	12/31/10	9,354,307	9,492,542	56.0	14,033,237
12/31/12	12/31/10	9,471,186	9,669,582	51.0	18,775,054
12/31/13	12/31/12	10,816,125	11,081,559	44.4	24,934,585
12/31/14	12/31/12	10,824,675	11,177,189	49.1	30,618,594
12/31/15	12/31/14	12,015,032	12,447,905	45.1	37,447,594

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 9 - Other Postemployment Benefits (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/06	\$ -	\$ 115,524,179	\$ 115,524,179	- %	\$ 20,868,379	553.6
12/31/08	5,020,381	130,048,876	125,028,495	3.9	20,631,114	606.0
12/31/10	6,300,318	157,696,179	151,395,861	4.0	18,023,338	840.0
12/31/12	7,164,299	165,582,825	158,418,526	4.3	16,215,437	977.0
12/31/14	9,166,210	178,663,236	169,497,026	5.1	15,558,779	1,089.4

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Neither rate includes an inflation assumption. The actuarial value of assets was determined based on the market value of investments as of the date of the valuation. The UAAL is being amortized as a level percentage of projected payroll for general and police members and level dollar for fire members on an open basis. The remaining amortization period at December 31, 2014 is 30 years.

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 10 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the individual pension plans and postemployment healthcare plans:

	Police and Fire Pension	General Employees' Pension	Other Postemployment Benefits
<u>Statement of Net Position</u>			
Investments	\$ 84,161,619	\$ 60,174,442	\$ 9,974,877
Other assets	614,742	328,335	-
Liabilities	<u>(1,931,613)</u>	<u>(762,365)</u>	<u>-</u>
Net position	<u>\$ 82,844,748</u>	<u>\$ 59,740,412</u>	<u>\$ 9,974,877</u>
<u>Statement of Changes in Net Position</u>			
Investment (loss) gain	\$ (1,162,336)	\$ 721,215	\$ 216,928
Contributions	3,659,102	1,572,719	5,696,827
Benefit payments	(7,234,304)	(3,590,647)	(5,083,880)
Other deductions	<u>(522,513)</u>	<u>(401,114)</u>	<u>(21,208)</u>
Net change in net position	<u>\$ (5,260,051)</u>	<u>\$ (1,697,827)</u>	<u>\$ 808,667</u>

Note 11 - Defined Contribution Pension Plan

The Township provides pension benefits to full-time employees hired after various dates, depending on the employee group, through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by various collective bargaining agreements, the Township contributes a certain percentage of employees' gross earnings and employee contributions. Employer contribution rates and vesting schedules vary based on employee group. In accordance with these agreements, the Township contributed \$1,046,202 during the current year.

Note 12 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to general and auto liability, auto physical damage, and property loss claims; the Township is self-insured for workers' compensation and medical benefit claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 12 - Risk Management (Continued)

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

The Township estimates the liability for general liability, workers' compensation, and medical claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Generally, the funds that report each employee's compensation (the General Fund, Police Fund, Fire Fund, and Water and Sewer Fund, primarily) are used to liquidate the obligations for workers' compensation and medical claims. The obligation for general claims will be primarily liquidated by the General Fund and the Water and Sewer Fund. Changes in the estimated liability for the past two fiscal years were as follows:

	General Liability		Workers' Compensation		Medical Claims	
	2015	2014	2015	2014	2015	2014
Estimated liability - Beginning of year	\$ 382,190	\$ 187,506	\$ 852,996	\$ 876,205	\$ -	\$ -
Estimated claims incurred, including changes in estimates	270,532	530,347	179,244	246,775	2,591,026	4,296,004
Claim payments	(200,219)	(335,663)	(379,327)	(269,984)	(3,002,551)	(4,296,004)
Estimated liability - End of year	<u>\$ 452,503</u>	<u>\$ 382,190</u>	<u>\$ 652,913</u>	<u>\$ 852,996</u>	<u>\$ (411,525)</u>	<u>\$ -</u>

Note 13 - Reporting Change

During the current year, the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements and the proprietary funds now include a liability for our underfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to the pension footnotes for further details. This change does not impact the General Fund or any other governmental fund.

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 13 - Reporting Change (Continued)

As a result of implementing this statement, the beginning net position of governmental activities, business-type activities, and Water and Sewer Fund has been restated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities and Water and Sewer Fund</u>
Net position - December 31, 2014 - As previously reported	\$ 37,484,651	\$ 91,955,732
Adjustment for implementation of GASB Statement No. 68	<u>(17,290,181)</u>	<u>(505,328)</u>
Net position - December 31, 2014 - As restated	<u>\$ 20,194,470</u>	<u>\$ 91,450,404</u>

Note 14 - Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the Township's 2016 fiscal year.

Charter Township of Waterford

Notes to Financial Statements December 31, 2015

Note 14 - Upcoming Accounting Pronouncements (Continued)

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

Required Supplemental Information

Charter Township of Waterford

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 7,339,878	\$ 7,339,878	\$ 7,402,642	\$ 62,764
Licenses and permits	397,170	397,170	553,492	156,322
State-shared revenue and grants	6,080,495	6,080,495	5,944,932	(135,563)
Charges for services	1,484,431	1,518,431	1,517,935	(496)
Fines and forfeitures	1,371,000	1,371,000	1,232,173	(138,827)
Investment income	33,041	33,041	59,756	26,715
Special assessments	500,000	500,000	500,896	896
Other revenue:				
Cable franchise fees	1,050,000	1,050,000	1,113,300	63,300
Michigan Broadband Authority	200,000	827,826	829,766	1,940
Other miscellaneous income	73,150	73,150	90,909	17,759
Total revenue	18,529,165	19,190,991	19,245,801	54,810
Expenditures				
Current:				
General government:				
Township board	52,210	52,210	50,412	1,798
Supervisor and assessing	657,544	632,544	605,908	26,636
Elections	4,900	41,740	42,309	(569)
Personnel	223,522	223,522	221,212	2,310
Information service	329,460	329,460	344,449	(14,989)
Treasurer	584,806	590,006	580,773	9,233
General services	1,554,142	1,553,942	1,360,750	193,192
Clerk	583,699	581,599	570,131	11,468
Retiree benefits	1,179,893	1,179,893	1,190,460	(10,567)
Facilities and operations	108,554	108,554	108,554	-
Total general government	5,278,730	5,293,470	5,074,958	218,512
District Court	2,144,745	2,144,745	1,965,643	179,102
Public safety	1,260,970	1,260,970	1,088,474	172,496
Planning department	1,050,158	1,050,158	952,324	97,834
Capital outlay	72,950	99,600	100,296	(696)
Debt service	130,092	130,092	130,088	4
Total expenditures	9,937,645	9,979,035	9,311,783	667,252
Excess of Revenue Over Expenditures	8,591,520	9,211,956	9,934,018	722,062
Other Financing (Uses) Sources -				
Transfers out	(8,117,500)	(8,392,500)	(8,192,500)	200,000
Net Change in Fund Balance	474,020	819,456	1,741,518	922,062
Fund Balance - Beginning of year	5,514,868	5,514,868	5,514,868	-
Fund Balance - End of year	\$ 5,988,888	\$ 6,334,324	\$ 7,256,386	\$ 922,062

Charter Township of Waterford

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Police Fund Year Ended December 31, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 5,604,791	\$ 5,632,291	\$ 5,678,770	\$ 46,479
Licenses and permits	35,000	35,000	37,170	2,170
Federal grants	177,500	215,000	183,069	(31,931)
State-shared revenue and grants	57,000	57,000	48,250	(8,750)
Charges for services	45,000	45,000	41,053	(3,947)
Fines and forfeitures	80,550	80,550	83,517	2,967
Investment income	29,142	29,142	33,805	4,663
Other revenue	243,750	281,250	356,061	74,811
Total revenue	<u>6,272,733</u>	<u>6,375,233</u>	<u>6,461,695</u>	<u>86,462</u>
Expenditures				
Current - Public safety	11,673,986	11,795,079	11,349,831	445,248
Capital outlay	192,000	292,175	276,415	15,760
Total expenditures	<u>11,865,986</u>	<u>12,087,254</u>	<u>11,626,246</u>	<u>461,008</u>
Excess of Expenditures Over Revenue	(5,593,253)	(5,712,021)	(5,164,551)	547,470
Other Financing Sources - Transfers in	<u>5,375,000</u>	<u>5,375,000</u>	<u>5,375,000</u>	<u>-</u>
Net Change in Fund Balance	(218,253)	(337,021)	210,449	547,470
Fund Balance - Beginning of year	<u>2,300,319</u>	<u>2,300,319</u>	<u>2,300,319</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 2,082,066</u></u>	<u><u>\$ 1,963,298</u></u>	<u><u>\$ 2,510,768</u></u>	<u><u>\$ 547,470</u></u>

Charter Township of Waterford

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Fire Fund Year Ended December 31, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 4,918,892	\$ 4,960,129	\$ 4,978,371	\$ 18,242
Federal grants	1,063,503	2,664,530	2,539,862	(124,668)
State-shared revenue and grants	-	18,685	17,309	(1,376)
Charges for services	8,020,000	8,020,000	8,205,194	185,194
Investment income	26,493	26,493	30,201	3,708
Other revenue	170,600	170,600	129,988	(40,612)
Total revenue	<u>14,199,488</u>	<u>15,860,437</u>	<u>15,900,925</u>	<u>40,488</u>
Expenditures				
Current - Public safety	16,082,299	17,728,394	16,771,087	957,307
Capital outlay	31,500	312,343	305,141	7,202
Total expenditures	<u>16,113,799</u>	<u>18,040,737</u>	<u>17,076,228</u>	<u>964,509</u>
Excess of Expenditures Over Revenue	(1,914,311)	(2,180,300)	(1,175,303)	1,004,997
Other Financing Sources				
Transfers in	1,977,500	1,977,500	1,977,500	-
Transfers out	(50,000)	(50,000)	(50,000)	-
Net Change in Fund Balance	13,189	(252,800)	752,197	1,004,997
Fund Balance - Beginning of year	<u>1,522,685</u>	<u>1,522,685</u>	<u>1,522,685</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 1,535,874</u>	<u>\$ 1,269,885</u>	<u>\$ 2,274,882</u>	<u>\$ 1,004,997</u>

Charter Township of Waterford

Note to Required Supplemental Information Year Ended December 31, 2015

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General 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 these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before September 1, the office of fiscal and human services director and the Township supervisor prepare a proposed operating budget for the fiscal year commencing January 1 and submit it to the board. The budget must be adopted through a passage of a budget resolution no later than November 1.
2. Public hearings are conducted to obtain citizen comments.
3. The legislative budget is adopted by fund on a departmental basis. Line item detail is provided as a general guideline. Throughout the year, the board receives requests to amend the activity budget. All amendments must be approved by a vote of the Township board. Changes in line items within an activity may be made with the approval of the director of fiscal and human resources.

A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>
General Fund		
Amounts per operating statement	\$ 19,255,893	\$ 9,311,783
Cemetery Care Fund	(6,828)	-
Workers' Compensation Fund	(3,264)	-
Amounts per budget statement	<u>\$ 19,245,801</u>	<u>\$ 9,311,783</u>

Charter Township of Waterford

Note to Required Supplemental Information (Continued) Year Ended December 31, 2015

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

	Budget	Actual	Variance
General Fund - Elections	\$ 41,740	\$ 42,309	\$ (569)
General Fund - Personnel	223,522	224,290	(768)
General Fund - Information services	329,460	346,443	(16,983)
General Fund - Retiree benefits	1,179,893	1,249,903	(70,010)
General Fund - Capital outlay	99,600	100,296	(696)
Police Restricted Use Fund - Public safety	380,000	537,320	(157,320)
Improvement Revolving Fund - General government	16,000	18,981	(2,981)

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

At December 31, 2015, the Township had governmental activities unrestricted net deficit of \$35,727,031. This does not meet the definition of a deficit as defined by the State of Michigan.

Charter Township of Waterford

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

	2015	2014
Total Pension Liability		
Service cost	\$ 1,616,532	\$ 1,738,314
Interest	7,100,713	6,949,918
Changes in benefit terms	-	-
Differences between expected and actual experience	397,609	-
Changes in assumptions	-	-
Benefit payments, including refunds	(7,234,304)	(5,711,969)
Net Change in Total Pension Liability	1,880,550	2,976,263
Total Pension Liability - Beginning of year	104,247,639	101,271,376
Total Pension Liability - End of year	\$ 106,128,189	\$ 104,247,639
Plan Fiduciary Net Position		
Contributions - Employer	\$ 3,263,241	\$ 3,386,289
Contributions - Member	395,861	446,148
Net investment income	(1,162,337)	5,093,530
Administrative expenses	(7,234,304)	(560,067)
Benefit payments, including refunds	(522,512)	(5,711,969)
Other	-	-
Net Change in Plan Fiduciary Net Position	(5,260,051)	2,653,931
Plan Fiduciary Net Position - Beginning of year	88,104,799	85,450,868
Plan Fiduciary Net Position - End of year	\$ 82,844,748	\$ 88,104,799
Township's Net Pension Liability - Ending	\$ 23,283,441	\$ 16,142,840
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.06 %	84.51 %
Covered Employee Payroll	\$ 6,794,855	\$ 7,273,279
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	342.7 %	221.9 %

Charter Township of Waterford

Required Supplemental Information Police and Fire Retirement System Schedule of Investment Returns Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	(1.5)%	6.1 %

Charter Township of Waterford

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 3,263,241	\$ 3,386,289	\$ 3,251,498	\$ 3,356,274	\$ 3,227,187	\$ 3,416,401	\$ 3,451,506	\$ 2,638,538	\$ 2,775,163	\$ 2,968,691
Contributions in relation to the actuarially determined contribution	3,263,241	3,386,289	3,251,498	3,356,274	3,227,187	3,416,401	3,451,506	2,638,538	2,775,163	2,968,691
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 6,794,855	\$ 7,273,279	\$ 8,800,000	\$ 8,100,000	\$ 9,000,000	\$ 11,000,000	\$ 10,900,000	\$ 10,300,000	\$ 9,900,000	\$ 10,100,000
Contributions as a percentage of covered employee payroll	48.0 %	46.6 %	36.9 %	41.4 %	35.9 %	31.1 %	31.7 %	25.6 %	28.0 %	29.4 %

Notes to Schedule of Township Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution amounts are calculated as of the December 31 that is 12 months after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal

Amortization method Level dollar, closed

Remaining amortization period 19 years from the contribution effective date; 20 years from the valuation date

Asset valuation method Four-year smoothed market, with 20% corridor

Inflation 3.0%; No explicit price inflation assumption is used in this valuation

Salary increases 4.0% to 11.9% including inflation

Investment rate of return 7.00%

Retirement age Experience-based table of rates that are specific to the type of eligibility condition

Mortality RP-2000 Combined Healthy Mortality Table projected 17 years using scale BB

Other information The mortality table used in this calculation of the total pension liability was first used in the December 31, 2013 valuation.

Charter Township of Waterford

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

	2015	2014
Total Pension Liability		
Service cost	\$ 900,676	\$ 983,329
Interest	4,322,215	4,209,174
Changes in benefit terms	-	-
Differences between expected and actual experience	(1,163,975)	-
Changes in assumptions	-	-
Benefit payments, including refunds	(3,590,647)	(3,481,965)
Net Change in Total Pension Liability	468,269	1,710,538
Total Pension Liability - Beginning of year	63,090,909	61,380,371
Total Pension Liability - End of year	\$ 63,559,178	\$ 63,090,909
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,555,154	\$ 1,729,217
Contributions - Member	17,565	17,609
Net investment income	721,215	3,720,145
Administrative expenses	(401,114)	(406,264)
Benefit payments, including refunds	(3,590,647)	(3,481,965)
Other	-	-
Net Change in Plan Fiduciary Net Position	(1,697,827)	1,578,742
Plan Fiduciary Net Position - Beginning of year	61,438,239	59,859,497
Plan Fiduciary Net Position - End of year	\$ 59,740,412	\$ 61,438,239
Township's Net Pension Liability - Ending	\$ 3,818,766	\$ 1,652,670
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.99 %	97.38 %
Covered Employee Payroll	\$ 4,948,841	\$ 5,664,337
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	77.2 %	29.2 %

Charter Township of Waterford

Required Supplemental Information General Employees' Retirement System Schedule of Investment Returns Last Two Fiscal Years

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

Charter Township of Waterford

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 1,555,154	\$ 1,729,217	\$ 1,922,105	\$ 2,017,208	\$ 2,011,374	\$ 2,208,556	\$ 2,204,481	\$ 1,402,952	\$ 1,475,885	\$ 1,574,175
Contributions in relation to the actuarially determined contribution	<u>1,555,154</u>	<u>1,729,217</u>	<u>1,922,105</u>	<u>2,017,208</u>	<u>2,011,374</u>	<u>2,208,556</u>	<u>2,204,481</u>	<u>1,402,952</u>	<u>1,475,885</u>	<u>1,574,175</u>
Contribution deficiency	<u>\$ -</u>									
Covered employee payroll	\$ 4,948,841	\$ 5,664,337	\$ 5,800,000	\$ 6,200,000	\$ 7,000,000	\$ 8,100,000	\$ 8,300,000	\$ 8,300,000	\$ 8,200,000	\$ 8,200,000
Contributions as a percentage of covered employee payroll	31.4 %	30.5 %	33.1 %	32.5 %	28.7 %	27.3 %	26.6 %	16.9 %	18.0 %	19.2 %

Notes to Schedule of Township Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	17 years as of the contribution effective date; 18 years as of the valuation date
Asset valuation method	Four-year smoothed market; 25% corridor
Inflation	3.0% to 3.5% approximate; no explicit price inflation assumption is used in this valuation
Salary increases	4.5% to 7.7% including inflation
Investment rate of return	7.00%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Mortality Table projected forward 17 years using Scale BB for both males and females
Other information	There were no significant benefit changes during the year

Charter Township of Waterford

Required Supplemental Information OPEB System Schedule Year Ended December 31, 2015

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/06	\$ -	\$ 115,524,179	\$ 115,524,179	-	\$ 20,868,379	553.6
12/31/08	5,020,381	130,048,876	125,028,495	3.9	20,631,114	606.0
12/31/10	6,300,318	157,696,179	151,395,861	4.0	18,023,338	840.0
12/31/12	7,164,299	165,582,825	158,418,526	4.3	16,215,437	977.0
12/31/14	9,166,210	178,663,236	169,497,026	5.1	15,558,779	1,089.4

The schedule of employer contributions is as follows:

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
12/31/10	\$ 8,909,087	47.7
12/31/11	9,354,307	56.0
12/31/12	9,471,186	51.0
12/31/13	10,816,125	44.4
12/31/14	10,824,675	50.7
12/31/15	12,015,032	46.8

Other Supplemental Information

Charter Township of Waterford

Other Supplemental Information Description of Nonmajor Funds

Special Revenue Funds

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

Bike Path Fund - This fund accounts for revenue generated by a previous property tax millage for the development of the Township's bike path system through land acquisition and infrastructure development.

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

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

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

Weed Control Funds - These funds are used to account for revenue and expenditures related to special assessments for weed control of various lakes within the Township.

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

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

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

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

Debt Service Fund

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

Charter Township of Waterford

Other Supplemental Information Description of Nonmajor Funds (Continued)

Capital Projects Funds

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

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

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

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

Internal Service Funds

The Township's Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments of the Township on a cost reimbursement basis.

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

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

Trust and Agency Funds

Trust funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds.

Agency Fund - This fund accounts for the deposit of monies held by the Township government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

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

Charter Township of Waterford

	Special Revenue Funds					
	Bike Path	Community Development Block Grant	Library	Library Donations	Weed Control	Police Restricted Use
Assets						
Cash and investments	\$ -	\$ 155,208	\$ 2,334,208	\$ 116,335	\$ 408,546	\$ 1,408,830
Receivables:						
Property taxes receivable	-	201,951	818,580	-	-	365
Special assessments receivable	-	-	-	-	111,039	-
Rehabilitation loan receivable	-	1,469,438	-	-	-	-
Prepaid items	-	-	11,898	-	-	-
Total assets	\$ -	\$ 1,826,597	\$ 3,164,686	\$ 116,335	\$ 519,585	\$ 1,409,195
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 13,666	\$ 233,335	\$ 2,684	\$ 29,391	\$ 21,853
Accrued liabilities and other	-	14,149	16,877	-	-	-
Total liabilities	-	27,815	250,212	2,684	29,391	21,853
Deferred Inflows of Resources						
Unavailable revenue	-	1,469,438	-	-	-	-
Property taxes and special assessments levied for the following year	-	-	1,772,260	-	260,231	-
Total deferred inflows of resources	-	1,469,438	1,772,260	-	260,231	-
Fund Balances						
Nonspendable - Prepays	-	-	11,898	-	-	-
Restricted:						
Police	-	-	-	-	-	1,387,342
Debt service	-	-	-	-	-	-
Community development	-	129,344	-	-	-	-
Library	-	-	1,130,316	113,651	-	-
Weed control	-	-	-	-	229,963	-
Nature center	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Committed:						
Capital projects/Equipment - General	-	-	-	-	-	-
Capital projects/Equipment - Fire	-	-	-	-	-	-
Capital projects/Equipment - Parks and recreation	-	-	-	-	-	-
Assigned:						
Cable related activities	-	-	-	-	-	-
Community development	-	200,000	-	-	-	-
Capital projects	-	-	-	-	-	-
Total fund balances	-	329,344	1,142,214	113,651	229,963	1,387,342
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 1,826,597	\$ 3,164,686	\$ 116,335	\$ 519,585	\$ 1,409,195

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015**

Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
Nature Center	Cable Commission	Parks and Recreation	Debt Service Fund	Improvement Revolving	S.A.D. Road Paving	Capital Projects Allocation Fund	
\$ 546,209	\$ 740,627	\$ 929,748	\$ 846,170	\$ 2,315,171	\$ 16,612	\$ 145,000	\$ 9,962,664
-	-	448,881	619,456	-	-	-	2,089,233
-	-	-	-	53,643	-	-	164,682
-	-	-	-	-	-	-	1,469,438
-	-	2,308	-	-	-	-	14,206
\$ 546,209	\$ 740,627	\$1,380,937	\$1,465,626	\$ 2,368,814	\$ 16,612	\$ 145,000	\$13,700,223
\$ -	\$ 198	\$ 25,565	\$ 346	\$ 942	\$ -	\$ -	\$ 327,980
-	471	10,168	2,907	-	-	-	44,572
-	669	35,733	3,253	942	-	-	372,552
-	-	-	-	32,093	-	-	1,501,531
-	-	971,847	1,341,149	-	-	-	4,345,487
-	-	971,847	1,341,149	32,093	-	-	5,847,018
-	-	2,308	-	-	-	-	14,206
-	-	-	-	-	-	-	1,387,342
-	-	-	121,224	-	-	-	121,224
-	-	-	-	-	-	-	129,344
-	-	-	-	-	-	-	1,243,967
-	-	-	-	-	-	-	229,963
546,209	-	-	-	-	-	-	546,209
-	-	371,049	-	-	-	-	371,049
-	-	-	-	-	-	50,000	50,000
-	-	-	-	-	-	50,000	50,000
-	-	-	-	-	-	45,000	45,000
-	739,958	-	-	-	-	-	739,958
-	-	-	-	-	-	-	200,000
-	-	-	-	2,335,779	16,612	-	2,352,391
546,209	739,958	373,357	121,224	2,335,779	16,612	145,000	7,480,653
\$ 546,209	\$ 740,627	\$1,380,937	\$1,465,626	\$ 2,368,814	\$ 16,612	\$ 145,000	\$13,700,223

Charter Township of Waterford

	Special Revenue Funds					
	Bike Path	Community Development Block Grant	Library	Library Donations	Weed Control	Police Restricted Use
Revenue						
Property taxes	\$ -	\$ -	\$ 1,725,862	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Federal grants	-	414,893	-	-	-	84,629
State-shared revenue and grants	-	-	42,395	-	-	406,977
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	192,059	-	-	-
Investment income	314	-	13,762	-	-	8,596
Special assessments	-	-	-	-	310,885	-
Other revenue:						
Local contributions	-	-	4,185	17,785	-	129
Cable franchise fees	-	-	-	-	-	-
Refunds, rebates, and reimbursements	-	-	-	-	1,080	-
Other miscellaneous income	-	-	3,365	-	1,491	24,335
Total revenue	314	414,893	1,981,628	17,785	313,456	524,666
Expenditures						
Current:						
General government	-	9,580	-	-	-	-
Public safety	-	-	-	-	-	537,320
Community and economic development	-	347,926	-	-	-	-
Recreation and culture	-	-	1,766,541	32,051	322,755	-
Capital outlay	86,732	-	349,627	11,155	-	-
Debt service	-	-	-	-	-	-
Total expenditures	86,732	357,506	2,116,168	43,206	322,755	537,320
Excess of Revenue (Under) Over Expenditures	(86,418)	57,387	(134,540)	(25,421)	(9,299)	(12,654)
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Net Change in Fund Balances	(86,418)	57,387	(134,540)	(25,421)	(9,299)	(12,654)
Fund Balances - Beginning of year	86,418	271,957	1,276,754	139,072	239,262	1,399,996
Fund Balances - End of year	\$ -	\$ 329,344	\$ 1,142,214	\$ 113,651	\$ 229,963	\$ 1,387,342

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2015

Special Revenue Funds				Capital Projects Fund			Total Nonmajor Governmental Funds
Nature Center	Cable Commission	Parks and Recreation	Debt Service Fund	Improvement Revolving	S.A.D. Road Paving	Capital Projects Allocation Fund	
\$ -	\$ -	\$ 947,941	\$ 1,306,103	\$ -	\$ -	\$ -	\$ 3,979,906
-	-	-	-	21,514	-	-	21,514
-	-	-	-	-	-	-	499,522
-	-	10,000	-	19,074	-	-	478,446
-	312,719	666,710	-	-	-	-	979,429
-	-	-	-	-	-	-	192,059
164	4,812	5,222	58	13,191	103	-	46,222
-	-	-	-	43,295	-	-	354,180
-	-	-	-	-	-	-	22,099
-	137,599	-	-	-	-	-	137,599
-	-	-	-	-	-	-	1,080
-	-	19,772	2,546	-	852	-	52,361
164	455,130	1,649,645	1,308,707	97,074	955	-	6,764,417
-	251,772	-	-	18,981	-	-	280,333
-	-	-	-	-	-	-	537,320
-	-	-	-	-	-	-	347,926
-	-	1,472,642	-	-	-	-	3,593,989
-	194,768	58,646	-	374,966	-	-	1,075,894
-	-	-	1,267,575	-	-	-	1,267,575
-	446,540	1,531,288	1,267,575	393,947	-	-	7,103,037
164	8,590	118,357	41,132	(296,873)	955	-	(338,620)
-	-	-	-	10,600	-	-	10,600
-	-	300,000	-	470,000	-	145,000	915,000
-	-	(45,000)	-	-	-	-	(45,000)
-	-	255,000	-	480,600	-	145,000	880,600
164	8,590	373,357	41,132	183,727	955	145,000	541,980
546,045	731,368	-	80,092	2,152,052	15,657	-	6,938,673
\$ 546,209	\$ 739,958	\$ 373,357	\$ 121,224	\$ 2,335,779	\$ 16,612	\$ 145,000	\$ 7,480,653

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Bike Path Budgetary Comparison Year Ended December 31, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 450	\$ 450	\$ 314	\$ (136)
Expenditures				
Current - Public works	50	50	-	50
Capital outlay	92,280	92,280	86,732	5,548
Total expenditures	92,330	92,330	86,732	5,598
Net Change in Fund Balance	(91,880)	(91,880)	(86,418)	5,462
Fund Balance - Beginning of year	91,880	91,880	86,418	(5,462)
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Library Budgetary Comparison Year Ended December 31, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,700,385	\$ 1,700,385	\$ 1,725,862	\$ 25,477
State-shared revenue and grants	40,000	40,000	42,395	2,395
Fines and forfeitures	149,200	149,200	192,059	42,859
Investment income	9,008	9,008	13,762	4,754
Other revenue	8,000	8,000	7,550	(450)
Total revenue	<u>1,906,593</u>	<u>1,906,593</u>	<u>1,981,628</u>	<u>75,035</u>
Expenditures				
Current - Recreation and culture	1,981,326	1,981,326	1,766,541	214,785
Capital outlay	<u>294,679</u>	<u>368,379</u>	<u>349,627</u>	<u>18,752</u>
Total expenditures	<u>2,276,005</u>	<u>2,349,705</u>	<u>2,116,168</u>	<u>233,537</u>
Net Change in Fund Balance	(369,412)	(443,112)	(134,540)	308,572
Fund Balance - Beginning of year	<u>1,276,754</u>	<u>1,276,754</u>	<u>1,276,754</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 907,342</u></u>	<u><u>\$ 833,642</u></u>	<u><u>\$ 1,142,214</u></u>	<u><u>\$ 308,572</u></u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Library Donations Budgetary Comparison Year Ended December 31, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Local donations	\$ 28,000	\$ 28,000	\$ 17,785	\$ (10,215)
Expenditures				
Current - Recreation and culture - Library	37,115	37,115	32,051	5,064
Capital outlay	22,800	22,800	11,155	11,645
Total expenditures	<u>59,915</u>	<u>59,915</u>	<u>43,206</u>	<u>16,709</u>
Net Change in Fund Balance	(31,915)	(31,915)	(25,421)	6,494
Fund Balance - Beginning of year	<u>139,072</u>	<u>139,072</u>	<u>139,072</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 107,157</u></u>	<u><u>\$ 107,157</u></u>	<u><u>\$ 113,651</u></u>	<u><u>\$ 6,494</u></u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Police Restricted Use Budgetary Comparison Year Ended December 31, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ 135,000	\$ 135,000	\$ 84,629	\$ (50,371)
State-shared revenue and grants	90,000	90,000	406,977	316,977
Investment income	3,312	3,312	8,596	5,284
Other revenue	23,000	23,000	24,464	1,464
Total revenue	251,312	251,312	524,666	273,354
Expenditures - Current - Public safety	143,000	380,000	537,320	(157,320)
Net Change in Fund Balance	108,312	(128,688)	(12,654)	116,034
Fund Balance - Beginning of year	1,399,996	1,399,996	1,399,996	-
Fund Balance - End of year	<u>\$ 1,508,308</u>	<u>\$ 1,271,308</u>	<u>\$ 1,387,342</u>	<u>\$ 116,034</u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Nature Center Budgetary Comparison Year Ended December 31, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 300	\$ 300	\$ 164	\$ (136)
Fund Balance - Beginning of year	546,045	546,045	546,045	-
Fund Balance - End of year	<u>\$ 546,345</u>	<u>\$ 546,345</u>	<u>\$ 546,209</u>	<u>\$ (136)</u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Cable Commission Budgetary Comparison Year Ended December 31, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ 291,370	\$ 291,370	\$ 312,719	\$ 21,349
Investment income	1,970	1,970	4,812	2,842
Cable franchise fees	124,385	124,385	137,599	13,214
Total revenue	417,725	417,725	455,130	37,405
Expenditures - Current				
General government	256,105	258,538	251,772	6,766
Capital outlay	275	194,852	194,768	84
Total expenditures	256,380	453,390	446,540	6,850
Net Change in Fund Balance	161,345	(35,665)	8,590	44,255
Fund Balance - Beginning of year	731,368	731,368	731,368	-
Fund Balance - End of year	<u>\$ 892,713</u>	<u>\$ 695,703</u>	<u>\$ 739,958</u>	<u>\$ 44,255</u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Parks and Recreation Budgetary Comparison Year Ended December 31, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 942,505	\$ 942,505	\$ 947,941	\$ 5,436
State-shared revenue and grants	25,000	25,000	10,000	(15,000)
Charges for services	677,500	677,500	666,710	(10,790)
Investment income	100	100	5,222	5,122
Other miscellaneous income	3,500	3,500	19,772	16,272
Total revenue	<u>1,648,605</u>	<u>1,648,605</u>	<u>1,649,645</u>	<u>1,040</u>
Expenditures				
Current - Recreation and culture - Parks and recreation	1,692,900	1,692,900	1,472,642	220,258
Capital outlay	138,600	138,600	58,646	79,954
Total expenditures	<u>1,831,500</u>	<u>1,831,500</u>	<u>1,531,288</u>	<u>300,212</u>
Excess of Revenue (Under) Over Expenditures	(182,895)	(182,895)	118,357	301,252
Other Financing Sources (Uses)				
Transfers in	300,000	300,000	300,000	-
Transfers out	(45,000)	(45,000)	(45,000)	-
Net Change in Fund Balance	72,105	72,105	373,357	301,252
Fund Balance - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 72,105</u></u>	<u><u>\$ 72,105</u></u>	<u><u>\$ 373,357</u></u>	<u><u>\$ 301,252</u></u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Debt Service Fund Budgetary Comparison Year Ended December 31, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,293,623	\$ 1,293,623	\$ 1,306,103	\$ 12,480
Investment income	298	298	58	(240)
Other revenue	1,600	1,600	2,546	946
Total revenue	1,295,521	1,295,521	1,308,707	13,186
Expenditures - Debt service				
Principal	1,125,000	1,125,000	1,125,000	-
Interest on long-term debt	142,575	142,575	142,575	-
Total expenditures	1,267,575	1,267,575	1,267,575	-
Net Change in Fund Balance	27,946	27,946	41,132	13,186
Fund Balance - Beginning of year	80,092	80,092	80,092	-
Fund Balance - End of year	<u>\$ 108,038</u>	<u>\$ 108,038</u>	<u>\$ 121,224</u>	<u>\$ 13,186</u>

Charter Township of Waterford

Other Supplemental Information Nonmajor Governmental Fund - Improvement Revolving Budgetary Comparison Year Ended December 31, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Licenses and permits	\$ 25,000	\$ 25,000	\$ 21,514	\$ (3,486)
State-shared revenue and grants	18,848	18,848	19,074	226
Investment income	10,597	10,597	13,191	2,594
Special assessments	-	-	43,295	43,295
Total revenue	<u>54,445</u>	<u>54,445</u>	<u>97,074</u>	<u>42,629</u>
Expenditures				
General government	-	16,000	18,981	(2,981)
Capital outlay	<u>320,360</u>	<u>513,105</u>	<u>374,966</u>	<u>138,139</u>
Total expenditures	<u>320,360</u>	<u>529,105</u>	<u>393,947</u>	<u>135,158</u>
Excess of Expenditures Over Revenue	(265,915)	(474,660)	(296,873)	177,787
Other Financing Sources				
Transfers in	195,000	470,000	470,000	-
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>10,600</u>	<u>10,600</u>
Total other financing sources	<u>195,000</u>	<u>470,000</u>	<u>480,600</u>	<u>10,600</u>
Net Change in Fund Balance	(70,915)	(4,660)	183,727	188,387
Fund Balance - Beginning of year	<u>2,152,052</u>	<u>2,152,052</u>	<u>2,152,052</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 2,081,137</u>	<u>\$ 2,147,392</u>	<u>\$ 2,335,779</u>	<u>\$ 188,387</u>

Charter Township of Waterford

Other Supplemental Information Combining Statement of Net Position Internal Service Funds December 31, 2015

	Motor Pool Fund	Fire Unemployment Costs	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 353,491	\$ 477,593	\$ 831,084
Inventory	59,692	-	59,692
Total current assets	413,183	477,593	890,776
Noncurrent assets - Capital assets - Assets subject to depreciation	1,083,801	-	1,083,801
Total assets	1,496,984	477,593	1,974,577
Liabilities			
Current liabilities:			
Accounts payable	16,671	21,092	37,763
Accrued interest payable	8,385	-	8,385
Current portion of long-term debt	129,585	-	129,585
Total current liabilities	154,641	21,092	175,733
Noncurrent liabilities:			
Provision for claims	-	456,501	456,501
Long-term debt - Net of current portion	543,029	-	543,029
Total noncurrent liabilities	543,029	456,501	999,530
Total liabilities	697,670	477,593	1,175,263
Net Position			
Net investment in capital assets	411,187	-	411,187
Unrestricted	388,127	-	388,127
Total net position	\$ 799,314	\$ -	\$ 799,314

Charter Township of Waterford

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds Year Ended December 31, 2015

	Motor Pool Fund	Fire Unemployment Costs	Total
Operating Revenue - Charges for services	\$ 142,042	\$ 77,857	\$ 219,899
Operating Expenses			
Billing and administrative costs	17,771	-	17,771
Unemployment costs	-	77,995	77,995
Depreciation	277,326	-	277,326
Total operating expenses	<u>295,097</u>	<u>77,995</u>	<u>373,092</u>
Operating Loss	(153,055)	(138)	(153,193)
Nonoperating Revenue (Expenses)			
Investment income	2,287	138	2,425
Interest expense	(11,379)	-	(11,379)
Loss on sale of assets	(54,749)	-	(54,749)
Total nonoperating (expenses) revenue	<u>(63,841)</u>	<u>138</u>	<u>(63,703)</u>
Change in Net Position	(216,896)	-	(216,896)
Net Position - Beginning of year	<u>1,016,210</u>	<u>-</u>	<u>1,016,210</u>
Net Position - End of year	<u><u>\$ 799,314</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 799,314</u></u>

Charter Township of Waterford

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended December 31, 2015

	Motor Pool Fund	Fire Unemployment Costs	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 142,042	\$ 77,857	\$ 219,899
Payments to suppliers	<u>(21,815)</u>	<u>-</u>	<u>(21,815)</u>
Net cash provided by operating activities	120,227	77,857	198,084
Cash Flows from Capital and Related Financing Activities			
Issuance of debt	811,783	-	811,783
Proceeds from sales of capital assets	5,553	-	5,553
Purchase of capital assets	(811,783)	-	(811,783)
Principal and interest paid on capital debt	<u>(142,163)</u>	<u>-</u>	<u>(142,163)</u>
Net cash used in capital and related financing activities	(136,610)	-	(136,610)
Cash Flows from Investing Activities - Interest received on investments	<u>2,287</u>	<u>138</u>	<u>2,425</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(14,096)	77,995	63,899
Cash and Cash Equivalents - Beginning of year	<u>367,587</u>	<u>399,598</u>	<u>767,185</u>
Cash and Cash Equivalents - End of year	<u>\$ 353,491</u>	<u>\$ 477,593</u>	<u>\$ 831,084</u>
Balance Sheet Classification of Cash and Cash Equivalents - Cash and investments	<u>\$ 353,491</u>	<u>\$ 477,593</u>	<u>\$ 831,084</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (153,055)	\$ (138)	\$ (153,193)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	277,326	-	277,326
Changes in assets and liabilities:			
Inventories	(1,487)	-	(1,487)
Accounts payable	(2,557)	-	(2,557)
Estimated claims liability	<u>-</u>	<u>77,995</u>	<u>77,995</u>
Net cash provided by operating activities	<u>\$ 120,227</u>	<u>\$ 77,857</u>	<u>\$ 198,084</u>

Charter Township of Waterford

Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds December 31, 2015

	Pension Trust Funds			
	Police and Fire Pension	General Employees' Pension	Other Postemployment Benefits	Total Pension Trust Funds
Assets				
Cash and cash equivalents	\$ -	\$ 269,233	\$ 646,069	\$ 915,302
Investments:				
Fixed-income funds	20,987,494	14,331,039	-	35,318,533
Stocks	32,586,050	38,251,100	9,328,808	80,165,958
Mutual funds	23,719,967	5,645,365	-	29,365,332
Real estate investment trusts	2,007,359	294,330	-	2,301,689
Pension manager short-term funds	3,253,744	727,540	-	3,981,284
Securities lending short-term collateral bank investment pool - Mutual funds	1,607,005	655,835	-	2,262,840
Due from broker	81,651	-	-	81,651
Prepaid items	485,903	305,811	-	791,714
Accrued income	47,188	22,524	-	69,712
Total assets	<u>84,776,361</u>	<u>60,502,777</u>	<u>9,974,877</u>	<u>155,254,015</u>
Liabilities				
Accounts payable	267,494	53,265	-	320,759
Accrued liabilities and other - Obligations under securities lending agreements	1,664,119	709,100	-	2,373,219
Total liabilities	<u>1,931,613</u>	<u>762,365</u>	<u>-</u>	<u>2,693,978</u>
Net Position Held in Trust for Pension and Other Employee Benefits	<u>\$ 82,844,748</u>	<u>\$ 59,740,412</u>	<u>\$ 9,974,877</u>	<u>\$ 152,560,037</u>

Charter Township of Waterford

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended December 31, 2015

	Police and Fire Pension	General Employees' Pension	Other Postemployment Benefits	Total
Additions				
Investment income (loss):				
Interest and dividends	\$ 2,935,801	\$ 741,792	\$ 520,674	\$ 4,198,267
Net decrease in fair value of investments	<u>(4,098,137)</u>	<u>(20,577)</u>	<u>(303,746)</u>	<u>(4,422,460)</u>
Net investment (loss) income	(1,162,336)	721,215	216,928	(224,193)
Contributions:				
Employer	3,263,241	1,555,154	5,618,905	10,437,300
Employee	<u>395,861</u>	<u>17,565</u>	<u>77,922</u>	<u>491,348</u>
Total contributions	<u>3,659,102</u>	<u>1,572,719</u>	<u>5,696,827</u>	<u>10,928,648</u>
Total additions	2,496,766	2,293,934	5,913,755	10,704,455
Deductions				
Benefit payments	7,234,304	3,590,647	5,083,880	15,908,831
Administrative expenses	<u>522,513</u>	<u>401,114</u>	<u>21,208</u>	<u>944,835</u>
Total deductions	<u>7,756,817</u>	<u>3,991,761</u>	<u>5,105,088</u>	<u>16,853,666</u>
Net (Decrease) Increase in Net Position Held in Trust	(5,260,051)	(1,697,827)	808,667	(6,149,211)
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>88,104,799</u>	<u>61,438,239</u>	<u>9,166,210</u>	<u>158,709,248</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 82,844,748</u>	<u>\$ 59,740,412</u>	<u>\$ 9,974,877</u>	<u>\$ 152,560,037</u>

Charter Township of Waterford

Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds Year Ended December 31, 2015

	Balance at January 1, 2015	Additions	Reductions	Balance at December 31, 2015
Tax Collections				
Assets - Cash and investments	\$ 1,753,364	\$ 119,901,559	\$ (120,430,122)	\$ 1,224,801
Liabilities				
Due to other governmental units	\$ 1,678,589	\$ 2,420,183	\$ (2,947,601)	\$ 1,151,171
Accrued liabilities and other	74,775	73,630	(74,775)	73,630
Total liabilities	\$ 1,753,364	\$ 2,493,813	\$ (3,022,376)	\$ 1,224,801
Other Agency Funds				
Assets - Cash and investments	\$ 745,441	\$ 2,281,001	\$ (2,170,459)	\$ 855,983
Liabilities				
Bonds and other deposits	\$ 729,669	\$ 20,689,158	\$ (20,599,994)	\$ 818,833
Accrued liabilities and other	15,772	1,693,103	(1,671,725)	37,150
Total liabilities	\$ 745,441	\$ 22,382,261	\$ (22,271,719)	\$ 855,983
Total Agency Funds				
Assets - Cash and investments	\$ 2,498,805	\$ 122,182,560	\$ (122,600,581)	\$ 2,080,784
Liabilities				
Due to other governmental units	\$ 1,678,589	\$ 2,420,183	\$ (2,947,601)	\$ 1,151,171
Bonds and other deposits	729,669	20,689,158	(20,599,994)	818,833
Accrued liabilities and other	90,547	1,766,733	(1,746,500)	110,780
Total liabilities	\$ 2,498,805	\$ 24,876,074	\$ (25,294,095)	\$ 2,080,784

Charter Township of Waterford

Other Supplemental Information Component Unit - Veterans' Memorial Fund Fund-based Balance Sheet December 31, 2015

	Modified Accrual	Full Accrual Adjustments	Full Accrual
Assets			
Cash and cash equivalents	\$ 4,812	\$ -	\$ 4,812
Capital assets	-	61,751	61,751
Total assets	<u>\$ 4,812</u>	<u>\$ 61,751</u>	<u>\$ 66,563</u>
Equity - Fund balance - Restricted	<u>\$ 4,812</u>	\$ (4,812)	
Net Position			
Net investment in capital assets		61,751	\$ 61,751
Restricted - Veterans' Memorial		4,812	4,812
Total net position		<u>\$ 61,751</u>	<u>\$ 66,563</u>

Charter Township of Waterford

Other Supplemental Information Component Unit - Veterans' Memorial Fund Fund-based Schedule of Revenue and Expenditures Year Ended December 31, 2015

	Modified Accrual	Full Accrual Adjustments	Full Accrual
Revenue - Charges for services	\$ 300	\$ -	\$ 300
Expenditures			
Depreciation	-	2,180	2,180
General government	88	-	88
Total expenditures	<u>88</u>	<u>2,180</u>	<u>2,268</u>
Change in Fund Balance/Net Position	212	(2,180)	(1,968)
Fund Balance/Net Position - Beginning of year	<u>4,600</u>	<u>63,931</u>	<u>68,531</u>
Fund Balance/Net Position - End of year	<u><u>\$ 4,812</u></u>	<u><u>\$ 61,751</u></u>	<u><u>\$ 66,563</u></u>

Statistical Section

Charter Township of Waterford

Contents

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

1. **Financial Trend Information**

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

2. **Revenue Capacity Information**

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

3. **Debt Capacity Information**

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

4. **Demographic and Economic Information**

These schedules present various demographic and economic indicators for the reader to understand the environment within the Township that affect 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

Net Position by Component (Unaudited)

	Fiscal Year			
	2006	2007	2008	2009
Governmental Activities				
Net investment in capital assets	\$ 46,058,221	\$ 44,981,170	\$ 44,405,669	\$ 44,754,072
Restricted	4,475,349	4,444,665	4,747,321	4,721,937
Unrestricted	<u>11,093,570</u>	<u>13,253,224</u>	<u>8,271,581</u>	<u>1,800,600</u>
Total net position	<u>\$ 61,627,140</u>	<u>\$ 62,679,059</u>	<u>\$ 57,424,571</u>	<u>\$ 51,276,609</u>
Business-type Activities				
Net investment in capital assets	\$ 73,978,739	\$ 75,401,201	\$ 73,989,325	\$ 71,654,120
Restricted	-	-	-	1,448,307
Unrestricted	<u>19,737,391</u>	<u>17,295,329</u>	<u>16,345,225</u>	<u>13,946,883</u>
Total net position	<u>\$ 93,716,130</u>	<u>\$ 92,696,530</u>	<u>\$ 90,334,550</u>	<u>\$ 87,049,310</u>
Primary Government in Total				
Net investment in capital assets	\$ 120,036,960	\$ 120,382,371	\$ 118,394,994	\$ 116,408,192
Restricted	4,475,349	4,444,665	4,747,321	6,170,244
Unrestricted	<u>30,830,961</u>	<u>30,548,553</u>	<u>24,616,806</u>	<u>15,747,483</u>
Total net position	<u>\$ 155,343,270</u>	<u>\$ 155,375,589</u>	<u>\$ 147,759,121</u>	<u>\$ 138,325,919</u>

Source: Township annual financial statements

* The Township implemented GASB 68 in 2015. The numbers in this table have not been updated retrospectively.

Financial Trend Information Net Position by Component

Fiscal Year					
2010	2011	2012	2013	2014	2015 *
\$ 44,944,850	\$ 45,135,692	\$ 47,298,593	\$ 46,738,188	\$ 46,799,756	\$ 47,424,323
5,141,594	5,370,788	5,262,167	5,058,980	5,299,562	5,512,742
<u>(2,877,686)</u>	<u>(6,048,239)</u>	<u>(9,709,009)</u>	<u>(12,613,301)</u>	<u>(14,614,667)</u>	<u>(35,750,457)</u>
<u>\$ 47,208,758</u>	<u>\$ 44,458,241</u>	<u>\$ 42,851,751</u>	<u>\$ 39,183,867</u>	<u>\$ 37,484,651</u>	<u>\$ 17,186,608</u>
\$ 73,463,981	\$ 71,947,707	\$ 71,328,214	\$ 74,702,495	\$ 76,598,026	\$ 75,365,037
1,916,264	2,206,903	2,084,405	2,150,295	813,588	2,998,522
<u>13,185,990</u>	<u>13,185,783</u>	<u>14,110,363</u>	<u>14,968,603</u>	<u>14,544,118</u>	<u>13,754,631</u>
<u>\$ 88,566,235</u>	<u>\$ 87,340,393</u>	<u>\$ 87,522,982</u>	<u>\$ 91,821,393</u>	<u>\$ 91,955,732</u>	<u>\$ 92,118,190</u>
\$ 118,408,831	\$ 117,083,399	\$ 118,626,807	\$ 121,440,683	\$ 123,397,782	\$ 122,789,360
7,057,858	7,577,691	7,346,572	7,209,275	6,113,150	8,511,264
<u>10,308,304</u>	<u>7,137,544</u>	<u>4,401,354</u>	<u>2,355,302</u>	<u>(70,549)</u>	<u>(21,995,826)</u>
<u>\$ 135,774,993</u>	<u>\$ 131,798,634</u>	<u>\$ 130,374,733</u>	<u>\$ 131,005,260</u>	<u>\$ 129,440,383</u>	<u>\$ 109,304,798</u>

Charter Township of Waterford

Changes in Governmental Net Assets (unaudited)

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
General government	\$ 5,985,100	\$ 5,939,155	\$ 11,429,795	\$ 7,255,074
District Court	2,348,464	2,294,339	2,581,511	2,948,594
Fire and police	24,013,701	23,402,306	24,510,932	28,665,369
Building inspection	1,256,223	1,410,631	1,456,737	1,488,139
Public works activities	1,423,014	355,029	926,691	674,698
Community and economic activities	1,884,356	1,866,519	1,487,700	3,095,731
Recreation and culture	5,431,483	5,643,072	5,806,047	5,868,354
Interest on long-term debt	654,854	624,659	603,194	802,289
Total expenses	42,997,195	41,535,710	48,802,607	50,798,248
Program Revenue				
Charges for services:				
General government	2,947,828	2,976,906	3,129,723	3,537,865
District Court	1,800,703	1,693,652	1,853,358	1,795,195
Fire and police	850,170	784,770	794,250	1,426,080
Building inspection	819,910	604,994	527,704	376,323
Community and economic activities	190,251	167,659	218,830	396,331
Recreation and culture	1,063,868	945,881	1,040,496	1,174,611
Other activities	452,038	446,262	464,852	470,264
Total charges for services	8,124,768	7,620,124	8,029,213	9,176,669
Operating grants and contributions	1,785,443	694,940	698,365	2,007,831
Capital grants and contributions	-	-	-	-
Total program revenue	9,910,211	8,315,064	8,727,578	11,184,500
Excess of Expenses Over Program Revenue	(33,086,984)	(33,220,646)	(40,075,029)	(39,613,748)
General Revenue				
Property taxes	26,212,941	26,572,411	27,913,339	27,751,648
State-shared revenue	6,014,902	6,007,200	5,948,420	5,237,324
Investment earnings	1,525,435	1,677,529	953,573	209,413
Franchise fees	-	-	-	72,587
Miscellaneous	253,538	113,895	122,869	194,814
Transfers	(123,513)	(98,470)	(117,659)	-
Total general revenue	33,883,303	34,272,565	34,820,542	33,465,786
Special Items - Contribution of public safety assets	-	-	-	-
Change in Net Position	\$ 796,319	\$ 1,051,919	\$ (5,254,487)	\$ (6,147,962)

Source: Township annual financial statements

Financial Trend Information
Changes in Governmental Net Position
(Unaudited)

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 6,997,818	\$ 6,705,725	\$ 6,941,413	\$ 7,540,276	\$ 7,371,411	\$ 8,468,129
2,833,152	2,419,633	2,252,893	2,292,718	2,382,795	2,023,796
27,946,504	24,652,327	29,836,433	32,017,761	32,860,164	33,814,996
1,392,747	1,240,541	1,499,568	1,081,438	1,091,307	1,137,157
931,781	746,742	831,566	507,388	378,338	341,865
2,705,335	2,188,419	1,662,882	1,326,708	1,407,689	1,365,836
5,571,380	4,897,241	4,138,458	4,426,465	4,172,091	4,106,423
<u>277,941</u>	<u>302,836</u>	<u>284,155</u>	<u>217,799</u>	<u>194,547</u>	<u>170,170</u>
48,656,658	43,153,464	47,447,368	49,410,553	49,858,342	51,428,372
3,095,082	2,130,007	2,730,919	2,807,268	2,642,128	1,832,510
1,480,037	1,302,460	1,175,963	1,350,596	1,282,052	1,037,257
2,058,194	2,026,482	7,580,204	8,447,612	8,567,130	8,366,943
482,410	346,073	344,960	444,680	636,514	594,148
112,540	79,046	93,411	89,110	131,987	131,393
1,221,313	1,268,767	1,289,312	1,353,572	1,311,791	1,368,111
<u>508,384</u>	<u>575,408</u>	<u>575,165</u>	<u>93,480</u>	<u>592,061</u>	<u>544,191</u>
8,957,960	7,728,243	13,789,934	14,586,318	15,163,663	13,874,553
2,149,749	1,785,418	992,965	2,861,831	4,515,109	4,841,171
<u>285,650</u>	<u>-</u>	<u>896,439</u>	<u>18,657</u>	<u>117,289</u>	<u>38</u>
<u>11,393,359</u>	<u>9,513,661</u>	<u>15,679,338</u>	<u>17,466,806</u>	<u>19,796,061</u>	<u>18,715,762</u>
(37,263,299)	(33,639,803)	(31,768,030)	(31,943,747)	(30,062,281)	(32,712,610)
27,303,992	24,615,307	21,598,342	21,072,941	21,006,495	22,021,348
4,983,146	5,146,592	5,502,059	5,664,103	5,784,757	5,764,563
150,336	125,441	96,075	145,472	237,100	176,563
88,087	929,916	978,271	1,142,999	1,193,645	1,250,899
284,228	72,030	237,360	250,348	141,068	491,375
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
32,809,789	30,889,286	28,412,107	28,275,863	28,363,065	29,704,748
<u>-</u>	<u>-</u>	<u>1,749,433</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (4,453,510)</u>	<u>\$ (2,750,517)</u>	<u>\$ (1,606,490)</u>	<u>\$ (3,667,884)</u>	<u>\$ (1,699,216)</u>	<u>\$ (3,007,862)</u>

Charter Township of Waterford

	Fiscal Year			
	2006	2007	2008	2009
Operating Revenue				
Water usage billings	\$ 4,262,268	\$ 4,485,952	\$ 4,433,736	\$ 4,271,239
Sewage disposal charges	8,733,548	9,260,007	9,749,175	10,589,084
Other sales to customers	40,050	35,705	21,244	15,400
Charges for services	275,271	184,124	154,716	135,092
Operating grants	269,320	509,898	70,023	33,336
Total operating revenue	13,580,457	14,475,686	14,428,894	15,044,151
Operating Expenses				
Cost of water	1,850,357	1,929,798	1,877,558	2,073,815
Cost of sewage disposal	5,483,009	5,445,964	6,581,257	5,798,600
Operation and maintenance costs	1,010,788	1,264,007	730,997	991,427
Billing and administrative costs	4,573,889	4,674,404	4,747,777	5,702,312
Depreciation	3,299,725	3,462,368	3,759,641	3,910,157
Other services and charges	186	125	1,469	-
Total operating expenses	16,217,954	16,776,666	17,698,699	18,476,311
Operating (Loss) Income	(2,637,497)	(2,300,980)	(3,269,805)	(3,432,160)
Nonoperating Revenue (Expense)				
Gain on sale of assets	-	-	-	-
Investment income	1,000,197	721,961	552,486	292,311
Interest expense	(171,412)	(173,580)	(293,178)	(381,215)
Total nonoperating revenue (expense)	828,785	548,381	259,308	(88,904)
(Loss) Income - Before contributions	(1,808,712)	(1,752,599)	(3,010,497)	(3,521,064)
Transfers In - Net	123,513	98,470	117,659	-
Capital Contributions	1,038,174	634,529	530,858	235,824
Change in Net Position	\$ (647,025)	\$ (1,019,600)	\$ (2,361,980)	\$ (3,285,240)
Change in Primary Government Net Position				
Change in governmental net position	\$ 796,319	\$ 1,051,919	\$ (5,254,487)	\$ (6,147,962)
Change in business-type net position	(647,025)	(1,019,600)	(2,361,980)	(3,285,240)
Total change in primary government net position	\$ 149,294	\$ 32,319	\$ (7,616,467)	\$ (9,433,202)

Source: Township annual financial statements

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

		Fiscal Year									
		2010	2011	2012	2013	2014	2015				
\$	5,178,302	\$	5,092,940	\$	5,411,677	\$	4,680,162	\$	4,916,805	\$	5,767,266
	10,835,754		11,588,492		12,824,921		14,273,975		15,211,866		15,606,349
	22,561		25,940		28,365		33,323		24,770		32,237
	262,589		253,699		253,335		263,518		288,726		262,479
	49,046		19,414		373,980		36,976		10,536		-
	16,348,252		16,980,485		18,892,278		19,287,954		20,452,703		21,668,331
	1,750,817		1,667,552		1,671,016		1,640,029		1,658,724		1,600,899
	6,543,296		7,010,894		7,343,946		8,294,563		9,005,056		9,259,783
	943,623		708,744		548,469		578,010		730,739		727,738
	4,485,462		5,272,625		5,270,602		5,461,724		5,525,326		5,677,345
	3,459,145		3,438,847		3,686,911		3,682,610		3,586,054		4,022,724
	-		-		-		-		-		-
	17,182,343		18,098,662		18,520,944		19,656,936		20,505,899		21,288,489
	(834,091)		(1,118,177)		371,334		(368,982)		(53,196)		379,842
	-		9,405		-		12,304		11,960		-
	252,947		153,224		66,050		110,795		135,605		114,119
	(394,572)		(379,396)		(351,397)		(441,360)		(379,690)		(576,350)
	(141,625)		(216,767)		(285,347)		(318,261)		(232,125)		(462,231)
	(975,716)		(1,334,944)		85,987		(687,243)		(285,321)		(82,389)
	-		-		-		-		-		-
	2,492,641		109,103		96,601		4,985,654		419,660		750,175
\$	1,516,925	\$	(1,225,841)	\$	182,588	\$	4,298,411	\$	134,339	\$	667,786
\$	(4,453,510)	\$	(2,750,517)	\$	(1,606,490)	\$	(3,667,884)	\$	(1,699,216)	\$	(3,007,862)
	1,516,925		(1,225,841)		182,588		4,298,411		134,339		667,786
\$	(2,936,585)	\$	(3,976,358)	\$	(1,423,902)	\$	630,527	\$	(1,564,877)	\$	(2,340,076)

Charter Township of Waterford

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	1,365,898	1,737,438	2,076,456	2,254,966
Nonspendable	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	1,365,898	1,737,438	2,076,456	2,254,966
All Other Governmental Funds				
Reserved	575,470	493,090	571,938	738,941
Unreserved, reported in:				
Special Revenue Funds	12,266,454	12,936,271	8,373,298	7,084,171
Capital Projects Funds	259,538	185,125	146,288	79,198
Debt Service Funds	294,627	328,023	362,295	73,179
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total General Fund and all other governmental funds	<u>\$ 14,761,987</u>	<u>\$ 15,679,947</u>	<u>\$ 11,530,275</u>	<u>\$ 10,230,455</u>

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

Source: Township annual financial statements

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 131,037	\$ -	\$ -	\$ -	\$ -	\$ -
1,481,735	-	-	-	-	-
-	41,258	40,404	41,130	102,118	176,681
-	-	-	1,453,123	1,820,048	2,125,140
-	1,703,984	793,124	-	-	-
-	792,173	1,872,425	2,892,642	4,412,750	5,804,705
1,612,772	2,537,415	2,705,953	4,386,895	6,334,916	8,106,526
954,024	-	-	-	-	-
6,877,134	-	-	-	-	-
86,883	-	-	-	-	-
331,124	-	-	-	-	-
-	6,915	3,466	29,782	7	271,341
-	3,937,880	3,870,100	3,610,425	3,870,972	4,029,098
-	-	-	-	-	145,000
-	4,606,791	4,942,477	5,757,190	6,890,698	7,820,864
<u>\$ 9,861,937</u>	<u>\$ 11,089,001</u>	<u>\$ 11,521,996</u>	<u>\$ 13,784,292</u>	<u>\$ 17,096,593</u>	<u>\$ 20,372,829</u>

Charter Township of Waterford

	Fiscal Year			
	2006	2007	2008	2009
Revenue				
Property taxes	\$ 25,627,849	\$ 26,886,857	\$ 27,972,916	\$ 27,816,321
Intergovernmental revenue	7,716,269	6,794,515	7,213,496	7,660,834
Licenses and permits	1,377,918	1,151,351	1,207,258	1,164,144
Fines and forfeitures	2,132,806	2,135,331	2,176,313	2,120,660
Charges for services	2,450,490	2,444,256	2,497,863	2,900,239
Special assessments	452,038	446,262	760,745	748,705
Interest and miscellaneous	2,877,024	2,860,554	2,284,495	1,490,876
Total revenue	42,634,394	42,719,126	44,113,086	43,901,779
Expenditures				
Current:				
General government and district court	7,891,992	7,779,594	13,800,090	8,277,219
Public safety	22,875,205	22,941,441	23,540,465	26,409,209
Community and economic development	3,164,900	3,390,156	1,901,477	2,919,236
Recreation and culture	4,342,933	4,548,647	6,229,423	4,858,451
Miscellaneous	22,661	29,846	13,504	43,954
Capital outlay	3,426,996	1,701,797	1,326,510	1,055,415
Debt administration:				
Principal	814,805	779,755	765,225	856,452
Interest	646,512	531,460	568,405	781,663
Total expenditures	43,186,004	41,702,696	48,145,099	45,201,599
Excess of Revenue (Under) Over Expenditures	(551,610)	1,016,430	(4,032,013)	(1,299,820)
Other Financing Sources (Uses)				
Face value of debt issue	-	-	-	-
Debt premium	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	9,825,333	8,898,465	9,400,000	8,500,000
Transfers out	(9,948,846)	(8,996,935)	(9,517,659)	(8,500,000)
Payment to bond refunding escrow agent	-	-	-	-
Total other financing (uses) sources	(123,513)	(98,470)	(117,659)	-
Net Change in Fund Balances	(675,123)	917,960	(4,149,672)	(1,299,820)
Fund Balances - Beginning of year	15,437,110	14,761,987	15,679,947	11,530,275
Fund Balances - End of year	\$ 14,761,987	\$ 15,679,947	\$ 11,530,275	\$ 10,230,455
Debt service as a percentage of noncapital expenditures	3.68%	3.28%	2.85%	3.70%

Source: Township annual financial statements

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 27,487,340	\$ 24,217,983	\$ 21,220,749	\$ 20,688,982	\$ 20,932,159	\$ 22,039,689
7,177,942	7,090,287	7,213,657	8,508,876	10,670,673	9,711,390
1,366,130	300,769	364,258	485,610	657,977	612,176
1,792,007	1,586,332	1,411,839	1,588,776	1,544,005	1,507,749
3,715,399	3,894,382	9,606,043	10,411,618	10,636,717	10,749,411
808,083	858,299	864,927	927,510	830,284	855,076
<u>1,790,264</u>	<u>1,825,496</u>	<u>2,824,124</u>	<u>2,989,638</u>	<u>2,720,465</u>	<u>2,907,439</u>
44,137,165	39,773,548	43,505,597	45,601,010	47,992,280	48,382,930
9,070,564	8,470,321	7,615,207	7,534,310	7,349,954	7,185,480
26,270,382	22,620,407	27,782,168	28,800,415	29,953,841	29,746,712
2,117,054	1,249,546	1,671,165	1,336,629	1,358,975	1,300,250
4,722,679	4,138,183	3,412,416	3,615,923	3,426,284	3,593,989
269,934	142,218	36,378	43,925	68,175	-
808,788	648,183	1,258,568	684,405	1,148,223	1,893,200
904,749	990,000	1,040,000	1,095,000	1,175,000	1,232,932
<u>341,533</u>	<u>287,626</u>	<u>275,864</u>	<u>228,107</u>	<u>199,527</u>	<u>164,731</u>
<u>44,505,683</u>	<u>38,546,484</u>	<u>43,091,766</u>	<u>43,338,714</u>	<u>44,679,979</u>	<u>45,117,294</u>
(368,518)	1,227,064	413,831	2,262,296	3,312,301	3,265,636
-	-	957,919	-	-	-
-	-	27,722	-	-	-
-	-	-	-	-	10,600
8,500,000	7,450,000	7,550,000	7,605,000	7,345,000	8,267,500
(8,500,000)	(7,450,000)	(7,550,000)	(7,605,000)	(7,345,000)	(8,267,500)
-	-	(966,477)	-	-	-
-	-	19,164	-	-	10,600
(368,518)	1,227,064	432,995	2,262,296	3,312,301	3,276,236
<u>10,230,455</u>	<u>9,861,937</u>	<u>11,089,001</u>	<u>11,521,996</u>	<u>13,784,292</u>	<u>17,096,593</u>
<u>\$ 9,861,937</u>	<u>\$ 11,089,001</u>	<u>\$ 11,521,996</u>	<u>\$ 13,784,292</u>	<u>\$ 17,096,593</u>	<u>\$ 20,372,829</u>
2.85%	3.37%	3.15%	3.10%	3.16%	3.23%

Charter Township of Waterford

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

Fiscal Year	General Property Taxes	Inter-governmental Revenue	Special Assessments	Licenses and Permits	Fines and Fees	Charges for Services	Interest and Miscellaneous	Total Revenue
2006	\$ 25,627,849	\$ 7,716,269	\$ 452,038	\$ 1,377,918	\$ 2,132,806	\$ 2,450,490	\$ 2,877,024	\$ 42,634,394
2007	26,886,857	6,794,515	446,262	1,151,351	2,135,331	2,444,256	2,860,554	42,719,126
2008	27,972,916	7,213,496	760,745	1,207,258	2,176,313	2,497,863	2,284,495	44,113,086
2009	27,816,321	7,660,834	748,705	1,164,144	2,120,660	2,900,239	1,490,876	43,901,779
2010	27,487,340	7,177,942	808,083	1,366,130	1,792,007	3,715,399	1,790,264	44,137,165
2011	24,217,983	7,090,287	858,299	300,769	1,586,332	3,894,382	1,825,496	39,773,548
2012	21,220,749	7,213,657	864,927	364,258	1,411,839	9,606,043	2,824,124	43,505,597
2013	20,688,982	8,508,876	927,510	485,610	1,588,776	10,411,618	2,989,638	45,601,010
2014	20,932,159	10,670,673	830,284	657,977	1,544,005	10,636,717	2,720,465	47,992,280
2015	22,039,689	9,711,390	855,076	612,176	1,507,749	10,749,411	2,907,439	48,382,930

NOTE: Includes all governmental type funds

Source: Township annual financial statements

General Government Expenditure History Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Government	Public Safety	Community and Economic Development	Recreation and Culture	Capital Outlay	Debt Admin.	Miscellaneous	Total Expenditures
2006	\$ 7,891,992	\$ 22,875,205	\$ 3,164,900	\$ 4,342,933	\$ 3,426,996	\$ 1,461,317	\$ 22,661	\$ 43,186,004
2007	7,779,594	22,941,441	3,390,156	4,548,647	1,701,797	1,311,215	29,846	41,702,696
2008	13,800,090	23,540,465	3,349,876	4,781,024	1,326,510	1,333,630	13,504	48,145,099
2009	8,277,219	26,409,209	2,919,236	4,858,451	1,055,415	1,638,115	43,954	45,201,599
2010	9,070,564	26,270,382	2,117,054	4,722,679	808,788	1,246,282	269,934	44,505,683
2011	8,470,321	22,620,407	1,249,546	4,138,183	648,183	1,277,626	142,218	38,546,484
2012	7,615,207	27,782,168	1,671,165	3,412,416	1,258,568	1,315,864	36,378	43,091,766
2013	7,534,310	28,800,415	1,336,629	3,615,923	684,405	1,323,107	43,925	43,338,714
2014	7,349,954	29,953,841	1,358,975	3,426,284	1,148,223	1,374,527	68,175	44,679,979
2015	7,185,480	29,746,712	1,300,250	3,593,989	1,893,200	1,397,663	-	45,117,294

NOTE: Includes all governmental fund types under modified accrual accounting

Source: Township annual financial statements

Charter Township of Waterford

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

Fiscal Year	Nonspendable Fund Balance	Reserved/ Restricted Fund Balance	Unreserved/ Unrestricted Fund Balance	Annual Expenditures and Transfers	Unreserved/ Unrestricted Fund Balance as a Percentage of Expenditures
2006	\$ -	\$ -	\$ 1,365,898	\$ 22,725,374	6.01
2007	-	-	1,737,438	21,904,553	7.93
2008	-	-	2,076,456	22,584,015	9.19
2009	-	-	2,254,966	21,696,984	10.39
2010	-	131,037	1,481,735	21,719,846	6.82
2011	41,258	-	2,496,157	19,315,121	12.92
2012	40,404	-	2,665,549	19,182,967	13.90
2013	41,130	-	4,345,765	18,383,291	23.64
2014	102,118	-	6,232,798	17,981,655	34.66
2015	176,681	-	7,929,845	17,484,283	45.35

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

Source: Township annual financial statements

Charter Township of Waterford

Taxable Value by Property Type (1):

Tax Year	Real Property			Personal Property	Total Value
	Residential	Commercial	Industrial		
2006	\$ 2,046,492,471	\$ 432,424,770	\$ 28,434,040	\$ 93,628,050	\$ 2,600,979,331
2007	2,137,418,630	450,182,860	29,799,090	94,781,830	2,712,182,410
2008	2,125,112,404	457,052,630	30,686,570	93,298,920	2,706,150,524
2009	2,057,927,750	467,377,280	29,925,940	93,236,790	2,648,467,760
2010	1,690,296,870	445,073,830	26,411,480	98,766,690	2,260,548,870
2011	1,471,957,090	420,006,400	18,957,670	85,181,300	1,996,102,460
2012	1,435,293,452	389,745,100	18,253,200	87,173,620	1,930,465,372
2013	1,429,379,595	374,448,860	18,688,080	83,220,870	1,905,737,405
2014	1,456,683,719	358,646,790	15,849,700	72,869,590	1,904,049,799
2015	1,498,201,930	345,433,650	26,680,740	73,377,976	1,943,694,296

(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

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

Tax Rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
10.29	\$ 6,505,309,618	39.98%
10.29	6,610,412,160	41.03%
10.29	6,313,830,340	42.86%
10.39	5,826,266,740	45.46%
10.89	4,713,453,340	47.96%
10.89	4,100,734,760	48.68%
10.89	3,948,172,000	48.90%
11.08	3,951,590,330	48.23%
11.58	4,114,381,038	46.28%
10.89	4,548,921,312	42.73%

Charter Township of Waterford

Tax Year	Millage Rates - Direct Township Taxes (1)			Overlapping Taxes				
	General Operating	Debt	Total Direct Taxes	County Combined (4)	Community College	Intermediate School District	School - Principal (3)	School - Non-principal (3)
2006	9.8910	0.4000	10.2910	4.6461	1.5844	3.3690	9.6700	27.6700
2007	9.8910	0.4000	10.2910	4.6461	1.5844	3.3690	9.6700	27.6700
2008	9.8910	0.4000	10.2910	4.7461	1.5844	3.3690	9.6700	27.6700
2009	9.8910	0.5000	10.3910	4.7461	1.5844	3.3690	9.6700	27.6700
2010	10.3896	0.5000	10.8896	4.7461	1.5844	3.3690	11.2200	29.2200
2011	10.3896	0.5000	10.8896	4.7461	1.5844	3.3690	11.8500	29.8500
2012	10.3896	0.5000	10.8896	4.9461	1.5844	3.3690	11.8500	29.8500
2013	10.3896	0.6900	11.0796	4.9461	1.5844	3.3690	13.0000	31.0000
2014	10.8896	0.6900	11.5796	4.9461	1.5844	3.3690	13.0000	31.0000
2015	10.8896	0.6900	11.5796	4.8450	1.5819	3.3633	13.0000	31.0000

(1) Includes general operating, fire, police, library, and police and fire building debt 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 and Rec, Huron Clinton Metro Authority, and Zoo Authority.

Source: Township Assessing Department records

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

(2) Total Tax Rate:

<u>Principal</u>	<u>Non-principal</u>
29.5605	47.5605
29.5605	47.5605
29.6605	47.6605
29.7605	47.7605
31.8091	49.8091
32.4391	50.4391
32.6391	50.6391
33.9791	51.9791
34.4791	52.4791
34.3698	52.3698

Charter Township of Waterford

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

Taxpayer	Type of Business	2015 Taxable Value	Percentage of		2006 Taxable Value	Percentage of Total	2006 Rank
			Total				
1 Detroit Edison	Utility	\$ 26,507,050	1.39%		\$ 23,657,030	0.91%	1
2 Cass Lake Shore Apts	Apartment	8,155,560	0.43%		8,409,780	0.32%	4
3 Consumers Energy	Utility	7,130,600	0.37%		5,835,540	0.22%	9
4 Rite Aid Corporation	Retail	6,474,090	0.34%		6,749,450	0.26%	6
5 Meijer	Retail	5,987,780	0.31%		6,445,710	0.25%	8
6 General Motors	Manufacturing	5,790,310	0.30%		13,572,720	0.52%	2
7 Rivers Edge Apts/Occidental Development	Apartment	5,761,530	0.30%		8,157,500	0.31%	5
8 Pentastar Aviation	Corporate Aviation	5,403,240	0.28%		N/A	N/A	N/A
9 Village Green/Holtzman & Silverman	Apartment	4,822,010	0.25%		6,480,410	0.25%	7
10 Kmart/Sears & Roebuck	Retail	4,333,570	0.23%		N/A	N/A	N/A
Total		\$ 80,365,740	4.20%		\$ 79,308,140	3.04%	
Total Township Taxable Value		\$ 1,904,049,799			\$ 2,600,979,331		

Source: Waterford Township Assessing Department records

Charter Township of Waterford

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

Fiscal Year	Total Levy	Collections	Percent Collected	Delinquent Collections (Real)	Total Tax Collections	Percent of Levy Collected	Delinquent Tax Receivable
2006	\$ 26,734,270	\$ 23,782,945	88.96%	\$ 1,941,163	\$ 25,724,108	96.22%	\$ 592,432
2007	27,823,546	25,846,835	92.90%	1,977,823	27,824,658	100.00%	298,298
2008	27,827,874	25,755,435	92.55%	2,004,352	27,759,787	99.76%	256,398
2009	27,391,906	25,350,622	92.55%	1,926,850	27,277,472	99.58%	197,208
2010	24,468,429	22,807,481	93.21%	1,630,982	24,438,463	99.88%	72,706
2011	21,541,187	20,061,285	93.13%	1,406,240	21,467,525	99.66%	72,954
2012	20,819,579	19,509,375	93.71%	1,211,043	20,720,418	99.52%	98,454
2013	20,893,494	19,663,238	94.11%	1,208,306	20,871,544	99.89%	53,801
2014	21,967,753	20,771,999	94.56%	1,163,240	21,935,239	99.85%	32,514
2015	22,423,378	21,270,467	94.86%	1,096,206	22,366,673	99.75%	55,874

Source: Township Treasurer's Office records

Charter Township of Waterford

	2006	2007	2008	2009	2010
Governmental Activities:					
General obligation bonds	\$ 14,175,000	\$ 13,745,000	\$ 13,095,000	\$ 12,485,000	\$ 10,995,000
Installment purchase agreements	-	-	-	-	-
Special assessment bonds	290,000	200,000	110,000	20,000	10,000
Revenue bonds	-	-	-	-	-
Capital leases	-	-	-	-	-
Total	14,465,000	13,945,000	13,205,000	12,505,000	11,005,000
Business-type Activities:					
General obligation bonds	4,485,000	6,151,308	14,577,085	15,471,528	16,529,634
Installment purchase agreements	-	-	-	-	-
Special assessment bonds	-	-	-	-	-
Revenue bonds	-	-	-	-	-
Capital leases	-	-	-	-	-
Total	4,485,000	6,151,308	14,577,085	15,471,528	16,529,634
Total Debt of the Government	\$ 18,950,000	\$ 20,096,308	\$ 27,782,085	\$ 27,976,528	\$ 27,534,634
Total Taxable Value	\$ 2,600,979,331	\$ 2,712,182,410	\$ 2,706,150,524	\$ 2,648,467,760	\$ 2,260,548,870
Ratio of Total Debt to Taxable Value	0.73%	0.74%	1.03%	1.06%	1.22%
Total Population	72,444	68,258	74,277	70,678	70,749
Total Debt per Capita	\$ 262	\$ 294	\$ 374	\$ 396	\$ 389
Per Capita Personal Income	(1)	(1)	(1)	\$ 28,387	\$ 28,518
Ratio of Debt to Personal Income	(1)	(1)	(1)	1.39%	1.36%

(1) Not available

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

**Debt Capacity Information
Ratios of Outstanding Debt
Last Ten Fiscal Years
(Unaudited)**

2011	2012	2013	2014	2015
\$ 9,625,000	\$ 8,337,969	\$ 7,097,969	\$ 5,922,969	\$ 4,690,037
-	-	-	-	672,614
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>9,625,000</u>	<u>8,337,969</u>	<u>7,097,969</u>	<u>5,922,969</u>	<u>5,362,651</u>
18,263,706	19,328,651	22,968,930	32,500,078	36,033,495
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>18,263,706</u>	<u>19,328,651</u>	<u>22,968,930</u>	<u>32,500,078</u>	<u>36,033,495</u>
<u>\$ 27,888,706</u>	<u>\$ 27,666,620</u>	<u>\$ 30,066,899</u>	<u>\$ 38,423,047</u>	<u>\$ 41,396,146</u>
\$ 1,996,102,460	\$ 1,930,465,372	\$ 1,905,737,405	\$ 73,377,976	\$ 1,943,694,296
1.40%	1.43%	1.58%	52.36%	2.13%
71,798	72,171	72,645	72,181	72,503
\$ 388	\$ 383	\$ 414	\$ 532	\$ 571
\$ 29,401	\$ 26,423	\$ 26,151	\$ 28,717	\$ 29,255
1.32%	1.45%	1.58%	1.85%	1.95%

Charter Township of Waterford

Debt Capacity Information Ratios of General Bonded Debt Outstanding Last Ten Years (Unaudited)

Fiscal Year	General Obligation Bonds	Tax Supported Bonds(1)	Less Pledged Debt Service Funds	Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt Per Capita
2006	\$ 7,310,000	\$ 11,350,000	\$ 294,628	\$ 18,365,372	\$ 2,600,979,331	0.71%	72,444	\$ 254
2007	9,071,308	10,825,000	328,023	19,568,285	2,712,182,410	0.72%	68,258	287
2008	17,422,085	10,250,000	362,295	27,309,790	2,706,150,524	1.01%	74,277	368
2009	18,441,528	9,515,000	79,879	27,876,649	2,648,467,760	1.05%	70,678	394
2010	18,779,634	8,745,000	331,124	27,193,510	2,260,548,870	1.20%	70,749	384
2011	20,003,707	7,885,000	349,877	27,538,830	1,996,102,460	1.38%	71,798	384
2012	20,696,620	6,970,000	192,496	27,474,124	1,930,465,372	1.42%	72,171	381
2013	24,061,899	6,005,000	7,665	30,059,234	1,905,737,405	1.58%	72,645	414
2014	33,458,047	4,965,000	80,092	38,342,955	1,904,049,799	2.01%	72,181	531
2015	36,883,532	3,840,000	121,224	40,602,308	1,943,694,296	2.09%	72,503	560

Note: Special assessment bonds have been excluded.

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

Source: Township annual financial statements.

Charter Township of Waterford

Direct and Overlapping Debt Year Ended December 31, 2015 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated % Applicable to Waterford	Estimated Share of Overlapping Debt
Oakland County	\$ 426,349,618	3.75%	\$ 15,988,111
School Districts:			
Clarkston school district	141,115,316	2.03%	2,864,641
Pontiac school district	35,624,135	2.01%	716,045
Waterford school district	102,090,000	85.85%	87,644,265
Oakland Community College	2,355,000	3.78%	89,019
Intermediate school district	<u>54,540,000</u>	3.76%	<u>2,050,704</u>
Total overlapping debt	762,074,069		109,352,785
Direct Township debt, governmental activities	<u>5,362,651</u>	100.00%	<u>5,362,651</u>
Total direct and overlapping debt	<u>\$ 767,436,720</u>		<u>\$ 114,715,436</u>

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

Source: Municipal Advisory Council of Michigan

Charter Township of Waterford

	2006	2007	2008	2009	2010
Calculation of debt limit:(1)					
State equalized valuation	\$ 3,252,654,809	\$ 3,305,206,080	\$ 3,156,915,170	\$ 2,913,133,370	\$ 2,356,726,670
Debt limit (10% of equalized value)	325,265,481	330,520,608	315,691,517	291,313,337	235,672,667
Calculation of debt Subject to Limit:					
Total debt	18,950,000	20,096,308	27,782,085	27,976,528	27,534,634
Less debt not subject to limit:					
Installment purchase agreements	-	-	-	-	-
Special assessment bonds	290,000	200,000	110,000	20,000	10,000
Revenue bonds	-	-	-	-	-
Enterprise fund bonds	4,485,000	6,151,308	14,577,085	15,471,528	16,529,634
Net Debt Subject to Limit	14,175,000	13,745,000	13,095,000	12,485,000	10,995,000
Legal Debt Margin	\$ 311,090,481	\$ 316,775,608	\$ 302,596,517	\$ 278,828,337	\$ 224,677,667
Net Debt Subject to Limit as Percentage of Debt Limit	4.56%	4.34%	4.33%	4.48%	4.89%

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

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

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

2011	2012	2013	2014	2015
\$ 2,050,367,380	\$ 1,974,086,000	\$ 1,975,795,165	\$ 2,057,190,519	\$ 2,274,460,656
205,036,738	197,408,600	197,579,517	205,719,052	227,446,066
27,888,707	27,666,620	30,066,899	41,396,146	41,396,146
-	-	-	-	672,614
-	-	-	-	-
-	-	-	-	-
18,263,707	19,328,651	22,968,930	32,500,078	36,033,495
9,625,000	8,337,969	7,097,969	8,896,068	4,690,037
\$ 195,411,738	\$ 189,070,631	\$ 190,481,548	\$ 196,822,984	\$ 222,756,029
4.93%	4.41%	3.73%	4.52%	2.11%

Charter Township of Waterford

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

Fiscal year	Population		Personal Income (in thousands)	Estimated Number of Households	Per Capita Personal Income	Median Age	Unemployment Rate (Percentage)
2006	72,444	(1)	n/a	30,589	\$ 26,676	41.0	n/a
2007	68,258	(2)	n/a	29,145	29,763	40.6	9.8
2008	74,277	(3)	n/a	31,317	27,366	39.0	8.1
2009	70,678	(4)	\$ 2,006,336	29,316	28,387	40.8	7.9
2010	70,749	(5)	2,017,620	29,140	28,518	38.8	9.0
2011	71,798	(6)	2,110,933	29,892	29,401	39.1	9.3
2012	72,171	(7)	1,906,974	27,700	26,423	37.5	8.8
2013	72,645	(8)	1,899,739	29,523	26,151	39.6	8.9
2014	72,181	(9)	2,072,822	29,612	28,717	40.0	6.8
2015	72,503	(10)	2,049,515	29,255	28,268	40.7	4.6

- (1) 2005 Census Department - American Community Survey Data Profile Review
(2) 2006 Census Department - American Community Survey Data Profile Review
(3) 2007 Census Department - American Community Survey Data Profile Review
(4) 2008 Census Department - American Community Survey Data Profile Review
(5) 2009 Census Department - American Community Survey Data Profile Review
(6) 2010 Census Department - American Community Survey Data Profile Review
(7) 2011 Census Department - American Community Survey Data Profile Review
(8) 2012 Census Department - American Community Survey Data Profile Review
(9) 2013 Census Department - American Community Survey Data Profile Review
(10) 2014 Census Department - American Community Survey Data Profile Review
n/a - Not available

Charter Township of Waterford

Principal Employers (Unaudited)

Taxpayer	Enterprise	2015 Employees (1) (2)	Percentage of Total	2006	Percentage of Total
1 Oakland County	Government	1,300	3.7%	976	N/A
2 Waterford School District	Education	1,420	4.1%	1951	N/A
3 Road Commission of Oakland Cty	Transportation	206	0.6%	286	N/A
4 Township of Waterford	Government	263	0.8%	372	N/A
5 Meijer	Retail	276	0.8%	475	N/A
6 Oakland Intermediary Schools	Education	315	0.9%	307	N/A
7 Pentastar Aviation, LLC	Air Transportation	240	0.7%	N/A	N/A
8 Canterbury Healthcare, Inc.	Nursing Care	235	0.7%	N/A	N/A
9 Kmart Corporation	Retail	139	0.4%	N/A	N/A
10 Oakland Community College (3)	Education	147	0.4%	N/A	N/A
Total		4,541		N/A	
Total Township Employment (1)		35,008		N/A	

(1) Data is from various sources including:

Oakland County Planning and Economic Development
SEMCOG Regional Data

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

(3) Direct hire and estimated adjunct

Charter Township of Waterford

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

Department	2006	2007	2008	2009	2010 (2)	2011	2012	2013	2014	2015
Supervisor/Assessing	9	9	9	9	7	6	7	6	6	6
Clerk's office	6	6	6	6	6	5	6	6	6	6
Treasurer's office	7	7	7	6	6	6	6	6	6	6
Fiscal and human resources	3	3	3	2	2	2	2	2	2	2
51st District Court	31	31	31	30	25	25	23	23	23	22
Planning and development	9	8	7	7	6	5	3	3	3	3
Information systems	5	5	4	5	4	3	3	3	3	3
Facilities and operations	10	10	10	10	8	8	10	10	10	10
Building and engineering	10	10	10	9	9	9	8	7	7	8
Parks and recreation	13	13	13	12	10	9	6	6	5	6
Police department	104	99	99	99	71	64	65	64	63	66
Fire department (3) (4) (5)	68	67	68	71	67	64	106	146	140	104
Library	21	21	21	20	19	13	13	12	13	13
Water and sewer	51	51	51	50	43	42	41	40	41	40
Total	<u>347</u>	<u>340</u>	<u>339</u>	<u>336</u>	<u>283</u>	<u>261</u>	<u>299</u>	<u>334</u>	<u>328</u>	<u>295</u>

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

(2) Numbers reflect retirement of 20 employees on 12/31/10 (Retirements: Court-3, Police-15, Fire-1, Water & Sewer-1).

(3) In 2012, Waterford Township began providing fire service to Pontiac which increased staffing by 42 positions.

(4) In 2013, Waterford Township was awarded a Federal Safer Grant which increased the fire department staffing by 39 positions.

(5) In 2015, Waterford Township Federal Safer Grant was not renewed or awarded, resulting in 39 positions laid off.

Source: Payroll & Benefit department and other records

Charter Township of Waterford

Function/Program	2006	2007	2008	2009	2010
Police:					
Physical arrests	2,668	2,144	2,231	1,832	1,492
Traffic violations	8,437	8,792	9,700	10,160	6,359
Nontraffic misdemeanors	761	614	702	704	527
Nontraffic civil infractions	417	297	952	611	272
Fire:					
Emergency responses	5,060	5,540	5,799	5,819	5,953
Fires extinguished	170	186	154	137	166
Inspections	522	393	1751	1107	948
Parks and recreation:					
Recreation programs (estimated)	703	729	768	782	795
Library:					
Circulation (books borrowed)	375,251	395,904	388,866	412,284	401,022
Collection volume	137,744	174,029	177,766	158,316	177,320
Visits: Walk-ins	(1)	264,453	287,965	308,638	297,142
Visits: Website	(1)	252,019	272,215	227,856	144,139
Water:					
New connections	257	167	102	86	67
Water main breaks	19	13	16	27	15
Total consumption (billed-cubic feet)	373,262,721	381,132,096	353,426,861	320,941,837	316,715,587
Average annual consumption per customer (gallons)	68,545	69,055	65,953	60,536	59,339

(1) Information not available

Source: Township Departmental correspondence

Operating Information
Operating Indicators
Last Ten Fiscal Years
(Unaudited)

2011	2012	2013	2014	2015
1,614	1,829	1,626	1,062	915
4,935	6,645	5,698	3,391	4,286
463	456	497	310	284
374	188	256	315	420
6,080	10,025	10,502	11,276	11,398
147	605	545	542	487
550	959	1038	750	1033
783	792	814	810	817
366,837	347,496	316,764	317,510	291,656
165,989	179,022	181,265	188,328	195,377
259,155	235,971	233,477	198,183	183,775
148,731	149,836	148,346	185,378	372,372
70	58	67	74	86
28	22	24	45	16
309,809,655	320,451,892	275,327,916	258,557,800	267,587,530
58,442	58,292	53,714	50,601	50,990

Charter Township of Waterford

Operating Information Capital Asset Statistics (Unaudited)

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	31	31	45	51	52	46	49	46	44	44
Fire:										
Stations	5	5	5	5	5	5	10	10	9	9
Trucks	15	15	15	14	14	14	24	27	27	27
Parks and recreation:										
Acreage	684	684	709	714	854	854	854	854	854	854
Playgrounds	9	9	8	8	8	8	8	8	6	3
Soccer fields	6	6	6	6	7	7	7	7	8	8
Baseball/Softball diamonds	13	13	13	13	13	13	13	13	13	13
Libraries:										
Branches	2	2	2	2	1	1	1	1	1	1
Water:										
Mains (miles)	350	350	350	350	350	350	350	350	350	350
Fire hydrants	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Storage capacity (millions of gallons)	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
Sewer:										
Miles of sanitary sewers	350	350	350	350	350	350	350	350	350	350

Source: Departmental correspondence