

Charter Township of Waterford, Michigan

Annual Comprehensive Financial Report



**For the Fiscal Year Ended
December 31, 2020**

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Waterford, Michigan 48329-3773
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June 22, 2021

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

In accordance with accounting principles generally accepted in the United States, the administration is submitting the Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended December 31, 2020. This report has been prepared in conformance with the principles and standards for financial reporting as set forth by the Governmental Accounting Standards Board (GASB) and complies with the requirements of GASB Statement Number 34. It discusses the financial results for the year, provides information on budgetary performance, and includes information on the financial condition of Waterford Township. This report was prepared by and is the responsibility of the Township's management.

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

GOVERNMENT PROFILE

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

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

ECONOMIC CONDITION AND OUTLOOK

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

The Township is the geographic center of Oakland County. It is the 5th most populated township in Michigan. A portion of the Oakland County Government campus is located in Waterford. The Oakland Intermediate School District is also headquartered in Waterford. Oakland County International Airport (OCIA) is located in the northwest portion of the Township. The airport is a designated general aviation reliever airport serving individuals, businesses and industries in Oakland County, the State of Michigan and the nation. OCIA is ranked as the nation's twelfth busiest general aviation airport with an average of approximately 120,000 takeoffs and landings annually. More than 150 corporations base aircraft at OCIA, many with several aircraft. Over 554 aircraft are based at the airport, and their value is in excess of \$200 million. The Canadian National (formerly the Grand Trunk) Railroad traverses the Township from Southeast to Northwest. The railroad provides shipping access to several Township businesses.

According to the SEMCOG 2045 Regional Development Forecast, the major industry sectors within Waterford Township are retail trade; information and financial activities; leisure and hospitality; administrative, support & waste services; healthcare services; education services; and public administration. The industry sectors with highest percentage increase in this forecast are professional and technical services & corporate headquarters and healthcare services. Community leaders recognize that there is significant retail capacity within the region and the Township will aggressively pursue opportunities to revitalize this space and increase employment options over the next five to ten years. Further, the Township has an area wide sewer system which is connected to the 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 major businesses are located in the Township. Rite Aid Drug Store's regional distribution center, serving six states, operates a quarter million square foot warehouse complex. Safety Technology International is a family owned company that is a worldwide supplier of products for the fire and safety industry. Other industries within the Township include metal fabricating, screw machine productions, and manufacturers of motor parts, electronic components, industrial computers, and precision measuring instruments. Retail boat sales have a large presence in the Township because of the numerous lakes. Automotive assembly plants are located within minutes of the Township.

Commercial and Residential Development

While commercial development remained constant, residential development within Waterford Township began to increase significantly in 2013 after suffering from the economic downturn and high unemployment levels that plagued southeastern Michigan since 2007. Interest rates are favorable and banks are willing to loan money for home mortgages, which has helped rekindle the housing market in Waterford. Most of the vacant and foreclosed properties have been resold and are no longer holding the market down. Existing homes are selling quickly and the price of available homes appears to be increasing at a significant rate. In 2020 Waterford Township issued approximately 70 per cent of the new residential permits compared to 2019; which is still over 7 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
2020	55	0	1	1018
2019	78	0	8	581
2018	81	0	10	616
2017	80	0	5	582
2016	69	0	4	470
2015	72	0	5	511
2014	52	0	4	442
2013	31	0	3	408
2012	16	0	3	389
2011	7	0	1	326

Area Demographics

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

Area Demographics (continued)

Oakland County private sector employment outperformed the nation, the state and major labor market areas in the state in the last decade. However, both Oakland County and Waterford Township were impacted by the trying economic environment of the nation and the State during the recession. Recovery has been slow and the recent COVID-19 pandemic took a toll on the local economy. With that being said, there are signs of sustainable employment in the local economy as the monthly unemployment rate for Oakland County remained favorable from year to year being 3.1 per cent reported in May 2019 to 3.5 per cent reported in May 2020. 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-1990s and is considered a leader in economic development in the State of Michigan. Oakland County has consistently scored near the top of 35 U.S. counties of similar size based on leading economic indicators as compiled and studied by Donald Grimes and George Fulton from the University of Michigan.

Based on the results of the 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 2 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 growth in population for all of Oakland County between April 2010 and July 2018 was estimated to be 4.7 percent. For Waterford Township, the percent increase in population during this same period was slightly lower, at 1.8 percent.

FINANCIAL INFORMATION

Internal and Budgetary Control

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

Internal and Budgetary Control (continued)

Uniform Budgeting Act, P.A. 621 of 1978, for use and implementation for the subsequent year. The Township's fiscal year is January through December.

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

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

Long Term Financial Planning

Waterford uses a multi-year forecasting tool to assist with the long term financial planning process. The Township monitors financial trends and stays in contact with state, county and regional authorities to project major revenue categories including property taxes, state shared revenue, contracts for service and economic development related fees.

There was a dramatic decline in property values due to the economic recession that affected values through 2013. For 2021, property values are projected to rise modestly over time. The Headlee Amendment continues to dampen property tax revenue for the Township. In the short and intermediate future, this will continue because of the low inflationary cycle. As of the writing of this document, the Covid-19 health pandemic has affected governmental revenues and expenses at all levels of government. As such, the Township is projecting and adjusting its resources and financial plans going forward. Federal Government allocations from the CARES ACT and ARPA ACT will help insulate the Township and offset the full impact of the public health emergency.

Long Term Financial Planning (continued)

The Library and a Fire Millage were renewed in 2012. A modest Parks and Recreation Millage request was passed by voters in August of 2014. This dedicated millage helped shore up and sustain non state mandated recreation services that are provided by the Township's Parks and Recreation Department. Public Safety had three millage renewals in 2016. These millage renewals were vital for Waterford's public safety departments to provide essential services. A Police and Fire Special Assessment in 2018 was vital to help maintain these essential services and to help offset the large decreases in property taxes brought about by the 2008 housing devaluation and built-in slow recovery rate of the Headlee Amendment.

Both of Waterford's pension systems, General Employees and Police and Fire, are closed to new hires. New hires participate in 401-K style defined contribution plans. These changes were made to help the Township curtail some of its long-term obligations and develop a more predictable financial model. Additionally, the Township has closed its employer sponsored retiree health care system to all employees. In its place new employees have a defined contribution retiree health care plan. The Township has a Retiree Health Care Trust for its defined benefit plan. The trust is vastly underfunded and will be a challenge for the Township in both the short and near term future. Additional contributions and market-based earnings have helped the Retiree Health Trust's position in the last few years, but more effort and tough choices remain in this area. The Township will be paying close attention to health and pension related expenses. Changes in the federal health care policy may have a dramatic impact on future Township budgets. The Township began implementing Michigan P.A. 152 in August 2012. This Act relates to health care costs. The Township implemented the most fiscally conservative option under P.A. 152. The estimated savings were \$1.2 million annually once this option was fully implemented for all employee groups. In 2013, the Township made changes to its retiree health care plan. This change was estimated to save the Township \$350,000 in the first year of implementation. Subsequently, the Township has changed its retiree prescription plan which saved an estimated \$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. The defined contribution plans for new employees are more closely aligned with private-sector benefit offerings and are expected to help the Township with its long-range planning.

Waterford Township's bond rating was upgraded in the spring of 2014 from A+/Stable to AA/Stable by Standard and Poor's (S&P) Rating Service. A bond rating to a municipality is like a FICO credit score for an individual. A high bond rating is an indication of underlying finances and financial management choices that have been made. A better bond rating is desirable if a municipality decides to issue public debt because a lower interest rate can be obtained.

Major Initiatives

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

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

Relevant Financial Policies

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

Cash Management

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

Risk Management

The Charter Township of Waterford is a member of the Michigan Municipal Risk Management Authority (MMRMA). MMRMA is a self-insured association with a membership of approximately 330 Michigan local governmental units. It provides risk management, claims administration, legal defense, and reinsurance services for its members. Waterford has liability coverage of up to \$15,000,000 per occurrence and the self-insured retention is \$50,000 per occurrence. The Township is actively involved in risk control through supervisory and employee training, facilities inspections, and utilization of the MMRMA Risk Control Staff.

Waterford Township is also self-insured for workers' compensation coverage. The Township has retained the services of Comprehensive Risk Services (CRS) as a third-party administrator to monitor and pay workers' compensation claims on its behalf. The Township, in cooperation with CRS, aggressively manages claims and works to reduce on-the-job injuries through safety training, inspections and an employee safety committee. The Township is self-insured for the first \$400,000 per occurrence in claims for Worker's Compensation events and has insurance coverage for events that exceed the \$400,000 threshold. Substantial savings are realized by being self-insured but the Township needs to have adequate reserves in the event that loss events occur.

Component Units

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

Independent Audit

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

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

Independent Audit (continued)

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

AWARDS AND RECOGNITIONS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Charter Township of Waterford for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2019. This was the fifteenth consecutive year that the Township has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,


Gary Wall
Township Supervisor


Steve Thomas
Township Treasurer


Kim Markee
Township Clerk



Government Finance Officers Association

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

Presented to

**Charter Township of Waterford
Michigan**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Monell

Executive Director/CEO



Charter Township of Waterford
Organizational Chart Updated
11/2020

Citizens of Waterford

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

(Legislative Branch)

51st District Court
(Judicial Branch)

Treasurer's Office

Supervisor's Office
(Executive Branch)

Clerk's Office
(Accounting and Elections)

Development Services

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

Library

Fiscal & Human
Resources

Parks & Recreation

Police Department

Regional
Fire Department
(Waterford, Pontiac and
Lake Angelus).

Assessing

Information Systems

**Charter Township of Waterford
List of Principal Officials
Year Ended December 31, 2020**

Supervisor's Office

Supervisor Gary Wall

Clerk's Office

Clerk Kim Markee
Deputy Clerk Kari Vlaeminck
Accounting Manager Barbara Miller

Treasurer's Office

Treasurer Steven Thomas
Deputy Treasurer Brenda Arnold

Assessing

Chief Assessor Paula Moore
Deputy Assessor Janet Laing

Development Services

Director and CDBG Robert Merinsky
Superintendent of Building Brent Gibson
Superintendent of Planning and Zoning Jeffrey Polkowski

Fire

Chief Matthew Covey
Deputy Chief Carl Wallace

Fiscal and Human Resources

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

Information Systems

Director Jared Black

Library

Director Joan Rogers

Parks and Recreation

Director Alison Swanson

Police	
Chief	Scott Underwood
Deputy Chief	Kevin Kazyak
Emergency Management Coordinator	Brendan Brosnan

Public Works

Director	Russell Williams
Water and Sewer Superintendent	Joseph Ashley
Administrative Superintendent	Derek Diederich
Engineering Superintendent	Frank Fisher
Facilities and Operations Superintendent	Justin Westlake

**Charter Township of Waterford
Labor Agreements
Year Ended December 31, 2020**

<u>Bargaining Unit</u>	<u>Expiration Date</u>	<u>Number of Employees</u>
Michigan Association of Police - Represents police officers and crime scene investigators	12/31/2020	45
Command Officers Association of Michigan - Represents police sergeants and lieutenants	12/31/2024	14
International Association of Firefighters - Represents all firefighting personnel	12/31/2020	105
Michigan Association of Police - Represents dispatchers	12/31/2020	11
Teamsters State, County, and Municipal Workers - Represents clerical, public works employees, building inspectors, and ordinance officers	12/31/2021	107

**Charter Township of Waterford
Fund Organization Chart**

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

Independent Auditor's Report

To the Board of Trustees
Charter Township of Waterford

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 (the "Township") as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Charter Township of Waterford's basic financial statements, as listed in the table of contents.

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 opinions 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.

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 as of December 31, 2020 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 1 to the financial statements, during the current year, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

To the Board of Trustees
Charter Township of Waterford

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 opinions on the financial statements that collectively comprise the Charter Township of Waterford's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory section and statistical section schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section schedules 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 22, 2021 on our consideration of the Charter Township of Waterford'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's internal control over financial reporting and compliance.

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

June 22, 2021

Financial Highlights

The following represent the most significant financial highlights for the year ended December 31, 2020:

- Total 2020 General Fund revenue was \$1,435,703 above 2019 revenue. The majority of the current year increase was attributable to a one-time adjustment from the Charter Township of Waterford's (the "Township") general liability carrier, a slight uptick in state-shared revenue, and a one-time grant related to the COVID-19 pandemic. Property taxes continued to be the largest source of revenue. They were 37.69 percent of all General Fund revenue. Going forward, property tax revenue is expected to produce modest increases due to the limitations of the Headlee Amendment, which limits taxable property values to increases at 5 percent or the rate of inflation, whichever is smaller.
- State-shared revenue and grants, despite dramatic cuts over the past 10 to 15 years, remain an important source of the Charter Township of Waterford's revenue. During the Township's 2020 fiscal year, state revenue sources decreased by \$32,798 compared to 2019. State revenue sharing is \$893,257 below the amount received in 2001, which is a loss of 11.71 percent. The reader should note that these numbers are not adjusted for inflation and that time has eroded the magnitude of this revenue source. The State has continued to divest itself from local governments when looking at longer trends.
- Revenue from district court fees and fines decreased by \$256,250, which is a 24.59 percent decrease from the previous year. The COVID-19 pandemic and the operational status of the court had an influence on this change.
- General Fund expenditures and operating transfers out for fiscal year 2020 were less than 2019, decreasing by \$560,261. The General Fund's largest expenditures are transfers to public safety. In 2020, the General Fund transferred \$5,457,000 to public safety (police and fire).
- The unassigned General Fund fund balance at year end was \$10,891,425. During fiscal year 2020, the General Fund unassigned fund balance increased by \$2,358,905. The December 31, 2020 unassigned fund balance for the General Fund is 56.59 percent of total 2020 General Fund expenses, including transfers. Our bare minimum fund balance target is 15 percent, though bond agencies and many analysts prefer 20 to 30 percent or higher as a sign of a financially healthy municipality; this cash position has to be tempered with a community's longer-range outlook, debt ratio and unfunded long-term liabilities, and deferred maintenance challenges. All of these concepts play a role in the Township's financial overview.
- The Police Fund fund balance decreased by \$271,543 in fiscal year 2020. It should be noted that the Police Fund now participates in the 330 - Capital Project Allocation Fund and in 2020 had a transfer deposit of \$700,000 in 2020. This is a planning tool used for future capital project expenses. The Police Fund fund balance at December 31, 2020 is \$3,568,112, or 23.27 percent of annual expenses and transfers out.
- The Fire Fund fund balance decreased by \$150,295 in fiscal year 2020. In 2009, the fire department began EMS patient transport and invested in additional staffing and equipment. In subsequent years, the department was able to recover some of the investment via fees charged for transport services. In February 2012, the fire department began providing fire suppression services for the City of Pontiac, Michigan and, therefore, became a regional fire department. The new revenue helped offset some of the losses in property tax revenue. The fire department continues to look to grant opportunities to augment its service levels. In 2016, the Waterford Fire Department was awarded \$8.6 million over a 24-month period to hire 39 additional firefighters. This was made possible by an Assistance to Firefighters Grant from the federal government. The Township's financial staff conducted an in-house actuarial study that permitted prefunding of separation costs, which helped protect the Township's future financial interests, an important aspect of the grant as a whole. The Fire Fund fund balance at December 31, 2020 is \$3,512,667, or 16.75 percent of annual expenses and transfers out.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Using This Annual Report

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

The fund financial statements present a short-term view; they tell the reader how the taxpayers' resources were spent during the year, 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.

The Township's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 79,809,248	\$ 69,449,780	\$ 38,400,684	\$ 28,354,346	\$ 118,209,932	\$ 97,804,126
Capital assets	51,404,908	51,430,182	106,666,567	109,224,605	158,071,475	160,654,787
Total assets	131,214,156	120,879,962	145,067,251	137,578,951	276,281,407	258,458,913
Deferred Outflows of Resources	1,527,546	2,966,648	179,351	274,561	1,706,897	3,241,209
Liabilities						
Current liabilities	2,920,510	3,276,865	1,446,182	1,320,373	4,366,692	4,597,238
Noncurrent liabilities	124,394,256	132,987,883	49,769,577	49,386,851	174,163,833	182,374,734
Total liabilities	127,314,766	136,264,748	51,215,759	50,707,224	178,530,525	186,971,972
Deferred Inflows of Resources	56,123,870	54,013,308	4,335,403	3,455,664	60,459,273	57,468,972
Net Position (Deficit)						
Net investment in capital assets	51,139,451	50,863,258	73,861,071	78,011,843	125,000,522	128,875,101
Restricted	4,779,142	4,947,475	6,253,705	786,958	11,032,847	5,734,433
Unrestricted	(106,615,527)	(122,242,179)	9,580,664	4,891,823	(97,034,863)	(117,350,356)
Total net position (deficit)	\$ (50,696,934)	\$ (66,431,446)	\$ 89,695,440	\$ 83,690,624	\$ 38,998,506	\$ 17,259,178

There was a significantly large decrease in net position in 2018 and beyond due to an accounting standard change known as GASB 75 that requires recording other postemployment benefit (OPEB) funding levels. While the Township has traditionally paid for this benefit expense on a pay-as-you-go basis, the value of the funding level and measurement of the future promise, as determined by actuaries, are now required to be included in the Township's financial statements. The Township's combined net position increased in 2020. The governmental activities net position increased by \$16,064,959 from the prior year (as restated).

The Township finalized its obligation for the debt associated with the 1998-1999 construction of the police and fire buildings. The 20-year bond for this construction was paid off in 2018. The Township continues to pay down its debt for the 2003 water and sewer system rehabilitation projects and the 2005 capital improvement debt. The Township utilizes just 0.08 percent of the statutorily allowed debt. This underscores the low level of structured debt utilized by the Township within the governmental funds category.

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

Total revenue for governmental activities for 2020 increased by \$304,297 from the 2019 fiscal year. The primary reason for this change was a modest increase in property taxes and an increase in the operating grant category.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Governmental expenses were down \$5,841,024 in 2020. This change was primarily due to how the Township's other postemployment liabilities changed from 2019 to 2020. These unfunded liabilities primarily come from the retiree health care system. In 2020, the OPEB liability went down and the assets went up. This is an item that can fluctuate year to year based on market returns, trust contributions, and any significant changes in the unfunded liabilities.

In the business-type activities (Water and Sewer Fund), revenue increased \$1,604,099 in 2020. This was due to the charges for services category. The Water and Sewer Fund also paid \$9,408,152 in 2020 for sewer disposal services to the Water Resource Commissioner's Office (WRC). The Water and Sewer Fund has more proportional debt share coming from the Clinton Oakland Sewer System and the Oakland-Macomb Inceptor District in the future related to deferred maintenance and would like to be able to prepay some of the upcoming debt, if possible, to help ratepayers save on long-term interest charges.

The Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Program revenue:						
Charges for services	\$ 12,694,780	\$ 14,216,557	\$ 25,273,736	\$ 24,094,412	\$ 37,968,516	\$ 38,310,969
Operating grants	5,345,093	3,919,115	-	124,560	5,345,093	4,043,675
Capital grants	100	14,501	874,883	493,232	874,983	507,733
General revenue:						
Property taxes	29,685,147	28,639,060	-	-	29,685,147	28,639,060
Intergovernmental	6,796,110	6,852,470	-	-	6,796,110	6,852,470
Investment earnings	636,814	722,751	520,139	307,450	1,156,953	1,030,201
Other revenue	1,659,070	2,148,363	8,593	53,598	1,667,663	2,201,961
Total revenue	56,817,114	56,512,817	26,677,351	25,073,252	83,494,465	81,586,069
Expenses						
General government	2,654,531	2,692,313	-	-	2,654,531	2,692,313
District court	2,230,009	2,570,218	-	-	2,230,009	2,570,218
Public safety:						
Police	11,419,879	13,899,096	-	-	11,419,879	13,899,096
Fire	17,412,190	19,955,036	-	-	17,412,190	19,955,036
Building inspection	1,181,691	1,252,993	-	-	1,181,691	1,252,993
Public works	671,591	670,260	-	-	671,591	670,260
Community and economic development	1,704,205	1,817,024	-	-	1,704,205	1,817,024
Recreation and culture	3,467,112	3,718,735	-	-	3,467,112	3,718,735
Interest on long-term debt	10,947	17,504	-	-	10,947	17,504
Water and sewer	-	-	20,672,535	24,948,601	20,672,535	24,948,601
Total expenses	40,752,155	46,593,179	20,672,535	24,948,601	61,424,690	71,541,780
Change in Net Position	16,064,959	9,919,638	6,004,816	124,651	22,069,775	10,044,289
Net Position (Deficit) - Beginning of year, as restated (Note 1)	(66,761,893)	(76,351,084)	83,690,624	83,565,973	16,928,731	7,214,889
Net Position (Deficit) - End of year	\$ (50,696,934)	\$ (66,431,446)	\$ 89,695,440	\$ 83,690,624	\$ 38,998,506	\$ 17,259,178

Financial Analysis of Individual Funds

An analysis of the Township's major funds begins with the balance sheet presentation following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The township board created funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The Township's major governmental funds for 2020 include the General Fund, the Police Fund, the Fire Fund, and the Police and Fire Special Assessment District. The Township's major business-type fund consists of the Water and Sewer Fund.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

General Fund

The General Fund pays for most of the Township's governmental services. The two largest services funded by the General Fund are the Police Fund and Fire Fund. The General Fund transferred \$4.9 million to the Police Fund and \$557,000 to the Fire Fund in 2020.

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

The Township's General Fund year-end fund balance is \$15,273,072, of which \$10,891,425 is unassigned. The total of \$15,273,072 represents 79.38 percent of 2020's annual expenditures, including net transfers to other funds. Due to an accounting rule change, the Workers' Compensation Fund and the Cemetery Care Fund were moved into the General Fund in 2011. When adjusting for the Budget Stabilization Fund amount of \$2,850,811, as well as the Workers' Compensation Fund amount of \$959,138 and the Cemetery Care Fund amount of \$565,289, the General Fund's fund balance at year end represented 56.59 percent of its annual expenditures, including transfers, in 2020. This second type of measurement is one township planners believe is a more realistic representation of the General Fund's available balance. The Workers' Compensation Fund and Cemetery Care Fund are set aside for specific purposes. This also excludes \$2,850,811 in the Budget Stabilization Fund, which was created in 2013. These funds were committed by the Township Board for future unforeseen events. A minimum 20 to 30 percent of unassigned fund balance to annual expenditures ratio is recommended by bond rating agencies and by the Township's financial consultants. It should also be stated that cash position and liquidity are only two pieces of a municipality's financial health. The reader must also keep in mind liabilities and obligations, both of the funded and unfunded variety.

Police Fund

The Police Fund covers the operation of the police department. Major revenue includes \$4.9 million from the Township's General Fund and an additional \$6,514,315 in dedicated millage revenue for 2020, a small overall increase from 2019. Most recently, the police department received \$2,406,280 from the Police and Fire Special Assessment District in 2020. The department receives a small amount of revenue from fees, grants, and interest on investments.

Overall, for fiscal year 2020, the Police Fund fund balance decreased by \$271,543. It should be noted that, in 2020, the Township Board authorized a \$700,000 allocation to the police department's Capital Project Fund. A move that will make future capital project more feasible.

Fire Fund

The Fire Fund covers the operations of fire prevention, suppression, and emergency medical services. In 2020, the department received \$557,000 from the General Fund and approximately \$5.71 million from dedicated millages. In February 2012, the Charter Township of Waterford began a contract with the City of Pontiac, Michigan to offer fire protection service for the city. The contract is for 10 years and started at \$6.2 million per year. The Fire Fund's fund balance decreased by \$150,295 in 2020. It should be noted that, in 2020, the Township Board authorized a \$1,205,000 allocation to the fire department's Capital Project Fund. The Fire Fund's fund balance is at 16.75 percent of annual expenditures.

Water and Sewer Fund

The Water and Sewer Fund continues to maintain a reasonable amount of working capital. Revenue is derived from user fees and fees that are adjusted periodically to cover expenses; the fund is relatively secure. Unlike the governmental activities of the Township, the Water and Sewer Fund does not rely on tax dollars and state aid for its financial well-being, although the fund does look for grants and low-interest loan programs to augment system capital improvements. Water rates remain reasonable compared to surrounding communities. The Township is almost unique in southeastern Michigan in that it has its own water system that does not rely on any other agencies for support.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Sewer increases imposed by Oakland County, Michigan and the regional authority are routinely passed on to customers. The Township belongs to the Clinton Oakland Sewer System. Rates have also recently been adjusted to cover debt payments associated with capital improvements and to address some Waterford Capital Improvements. The Township, like other suburban customers along with Oakland County, Michigan, routinely monitors the pending changes at the Great Lakes Water Authority. In 2019, the fund paid almost \$907,815 in Oakland-Macomb Interceptor (OMI) allocated expense. This move saved ratepayers an estimated \$38,041 in interest over the life of the proposed amortization schedules. In 2020, the Water and Sewer Fund prepaid \$2 million of its apportioned \$6.397 million. This saved an estimated \$515,000 in interest over the life of the debt issuance. Deferred maintenance from OMI, the regional authority, and some internal assets will remain a challenge for the fund going forward, as capital projects in this area routinely are measured in the multimillion-dollar range.

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

Reductions in staffing through attrition and early retirement incentives have reduced labor costs. In 2020, the Water and Sewer Fund was staffed at 43 positions compared to 52 in 2010. Increased technology and automation upgrades and labor contract changes, which encourage attendance and productivity, have allowed the water and sewer division to reduce staff while maintaining service and safety goals. The Department of Public Works (DPW) continues to look for grants and low-interest loans to fund capital improvements. The DPW was awarded a Drinking Water Revolving Fund (DWRF) loan in 2013 for \$9.4 million. This program included a low-interest loan, as well as an estimated \$4 million principal loan forgiveness via a green project reserve from the United States Environmental Protection Agency (EPA). This great news meant 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 debt and saved nearly \$870,000 in long-term interest, more good news for the Waterford sewer customer. A similar move was conducted in 2017 when \$1.5 million was partially prepaid on an Oakland County Water Resources Commissioner (WRC) debt. This is estimated to save \$378,000 in interest over the life of the loan. When possible, township planners make efforts to avoid any undue interest costs, while keeping in mind a healthy capital reserve goal. The Water and Sewer Fund was awarded a SAW (Storm, Asset, and Wastewater) Grant for nearly \$1 million. The Township was required to pay only 10 percent of this grant award. The report is now complete and will be used as a guide to allocate resources for future capital improvements. Sewer rates were recently adjusted in the first quarter of 2020, which will help aid in addressing some deferred maintenance related to Waterford Township's sewer assets. Water rates were adjusted in 2018 to help begin a water main replacement program, as well as facilitate water treatment plant media replacement in the coming years. This will help keep the quality and integrity of the water system a high priority.

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 modestly increase in 2021 and 2022. 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 was experienced from 2008 to 2014, had never occurred. It remains uncertain, at best, if the Headlee Amendment will be modified by the State of Michigan. Slow growth and slow recovery of lost property tax revenue seem likely in the short run.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Building activity in the Township is focused primarily on redevelopment, allowing limited growth in taxable values. For 2020, construction activity was hampered by the COVID-19 pandemic. Looking forward, construction activity is recovering and expected to increase somewhat. When adjusting for fire employees hired for Pontiac fire service, the Township is at early 1980s employment levels for 2020. Any new positions or changes to service levels in the short to intermediate range would likely need to come by way of a new revenue question put before the voters. To that end, in May 2018, a Police and Fire Special Assessment District (SAD) was placed before the Waterford voters for a maximum of 2.95 mills with a length of 12 years. The voters passed this ballot question. This revenue component accounted for \$6,016,013 for 2020. This initiative helped add and maintain services and staff to the police and fire departments and fund public safety vehicle and equipment replacements and will continue to do so.

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

Capital Assets and Debt Administration

There was a slight decrease in governmental capital assets of \$25,274 net of depreciation. Disposal of assets and excess equipment occurred throughout 2020 as well. Detailed information on the Township's capital assets can be found in Note 4.

In business-type activities, the Township saw a net decrease of \$2,558,038 in capital assets. There were new assets in this group as well. The overall numbers in this category reflect the Township's continued investment in its 350 miles of water and sewer mains, as well as numerous water and sewer pump stations, but also underscore the need for continued investment in a large enterprise fund with many assets.

The Township did not issue any construction or vehicle debt for governmental activities in 2020. The Township has been purchasing vehicles via cash for police, fire, parks and recreation, water and sewer, and facilities and operations in recent years. The Township paid off its LED installment lighting obligation in 2018. This both reduced debt on the books and saved on long-term interest. The Township continues to have very little structured debt in the governmental portion on its operations.

In 2020, there was an increase of \$1,621,794 of debt in the business-type (water and sewer) category. The reader should keep in mind that the Township has been notified that its share of "downstream" debt in the coming years related to the Clinton Oakland Sewer System and the Oakland-Macomb Interceptor District could be several million dollars related to multiple projects. The Township relies on these agencies for sewer conveyance, sewer treatment and disposal. The "downstream" deferred maintenance is large, and the Township's share as a member community is significant as well. When possible, planners attempt to prepay at least some of these debt issuances, which will save ratepayers long-term interest. When looking at the \$2,518,898 of debt that is due within one year in Note 6, it could be stated that this portion alone amounts to approximately 10 percent of the Water and Sewer Fund's resources in a given year.

The Township reduced its general obligation, tax-supported, and installment debt by \$301,467 in fiscal year 2020. The Township maintains a very low amount of general government debt. The majority of the general government debt remaining, which is \$265,457, is related to modest capital improvements from many years ago. The debt associated with the 1998 construction of the police and fire headquarter buildings has been paid off and extinguished. The 0.65 mills associated with the debt retirement of the two public safety buildings reduced the tax burden of the township taxpayers. The Township currently maintains an extremely small amount of building and construction-related debt in its governmental funds. The reader should keep in mind that the Township owns and operates many structures, and some are nearing the end of their useful lives. In the future, deferred maintenance will need to be confronted to maintain the high level of service to the community.

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

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Economic Factors

There are several economic factors that challenge the Township. The collapse of the housing market starting in 2008 through 2014 resulted in dramatic declines in taxable values, which directly affect the Township's property tax collections. These reductions in funding affect staffing and services. The housing market also impacts the demand for new construction, which resulted in a loss of building inspection and licensing fees for those years. In 2016, 2017, 2018, and 2019, building activity saw an uptick. For 2020, the COVID-19 pandemic caused a temporary decline in this area, but the local economy seems to be showing signs of resiliency during the 2021 year thus far. Unemployment is expected to improve, which is a positive. Sales tax, which is the source of state revenue sharing, has traditionally been the Township's second largest source of revenue. The Township has seen small upticks in revenue sharing from the State in the last couple of years; however, the Township remains at decade-low levels of support from the State in this category.

The economy has seen some improvement in recent years, with unemployment declining and housing prices starting to steadily increase. The changes brought about by the COVID-19 pandemic seem to be more temporary in nature. Both sales and income taxes are increasing and should bolster state revenue. How the State of Michigan elects to distribute any new revenue remains to be seen. Property assessments are recovering from the pandemic. However, sales studies are based on prior year sales, which results in a lag behind the improving market. The Headlee Amendment limits increases in property tax revenue to 5 percent or the rate of inflation, whichever is lower. In practical terms, the Township will see very small property tax revenue increases in the short and intermediate term. The reader/taxpayer can see this in practical terms on his or her respective tax statements when looking at the assessed value and comparing it to an often much smaller taxable value. It is the taxable value that is used to derive property tax bills.

The Township's defined benefit programs (pensions and retiree health care) are completely closed to new entrants. The pension systems have a strong funded position, while the retiree health trust is below the State's standard, as designated by Public Act 202 of 2017. The Township was required to develop a corrective action plan (CAP) and continues to address this legacy cost component. The board will need to address the funded position of the retiree health trust in the coming years.

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

State funding priorities continue to shift funding away from local governments in order to maintain state services. The State of Michigan has deferred maintenance in its own capital asset categories, most notably the public road system. The Township received \$929,209 more from the State of Michigan in revenue sharing in 2001 than it did in 2020, without adjusting for inflation. The overall trend of the State divesting itself in local government through the years continues.

Charter Township of Waterford

Management's Discussion and Analysis (Continued)

Legacy Benefits and Reforms

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

Bond Rating

Bond ratings to municipalities are like credit scores to individuals. The ratings help determine the interest rate on any debt issued by the Township, as well as offer a third-party view of financial stewardship. In March 2014, the Township had its bond rating upgraded by Standard & Poor's (S&P) from A+ to AA. This constituted two moves in a positive direction. Township officials believe the rating agency liked the fact that the Township created its first Budget Stabilization Fund in 2013 and has made subsequent deposits with some one-time revenue. S&P also liked the fact that the Township is converting its defined benefit (DB) pension retirement offerings to new employees to defined contribution (DC), 401(k)-style plans. S&P also appreciated that the Township's management utilizes a financial forecasting tool. S&P liked that the Township has created a retiree health care trust but noted that it is severely underfunded and views this as an intermediate- and long-term issue that will have to be overcome.

Requests for Further Information

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, please contact the office of fiscal and human resources at (248) 674-6252. This financial report, the Township's budgets, pension actuary reports, and other financial information are available on the Township's website at www.waterfordmi.gov under the fiscal and human resources department. The Township posts its budgets, financial statements, citizen dashboard, and pension actuarial studies on its website for viewing by all interested parties.

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

Charter Township of Waterford

Statement of Net Position

December 31, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 57,238,844	\$ 20,800,483	\$ 78,039,327	\$ 228,639
Receivables:				
Property taxes receivable	13,451,870	-	13,451,870	21,124
Special assessments receivable	220,496	203,969	424,465	-
Customer receivables	-	8,576,602	8,576,602	-
Accrued interest receivable	45,000	30,120	75,120	-
Due from other governments	1,791,100	8,485	1,799,585	-
Rehabilitation loan receivable	1,161,092	-	1,161,092	-
Other receivables	164,644	-	164,644	-
Inventory	68,689	-	68,689	-
Prepaid items	1,020,831	-	1,020,831	-
Restricted assets	-	6,253,705	6,253,705	-
Net pension asset (Note 7)	4,646,682	2,527,320	7,174,002	-
Capital assets: (Note 4)				
Assets not subject to depreciation	26,618,500	12,654,874	39,273,374	-
Assets subject to depreciation - Net	24,786,408	94,011,693	118,798,101	-
Total assets	131,214,156	145,067,251	276,281,407	249,763
Deferred Outflows of Resources				
Deferred pension costs (Note 7)	447,857	21,471	469,328	-
Deferred OPEB costs (Note 8)	1,079,689	157,880	1,237,569	-
Total deferred outflows of resources	1,527,546	179,351	1,706,897	-
Liabilities				
Accounts payable	527,931	1,170,434	1,698,365	3,656
Refundable deposits, bonds, etc.	898,020	-	898,020	-
Accrued liabilities and other	1,370,525	275,748	1,646,273	-
Unearned revenue	124,034	-	124,034	-
Noncurrent liabilities:				
Due within one year: (Note 6)				
Compensated absences	2,790,425	260,219	3,050,644	-
Provision for claims	507,409	21,678	529,087	-
Current portion of long-term debt	85,472	2,411,633	2,497,105	-
Due in more than one year: (Note 6)				
Compensated absences	119,299	85,587	204,886	-
Provision for claims	286,073	-	286,073	-
Accrued unemployment	251,802	-	251,802	-
Long-term debt	179,985	30,393,863	30,573,848	-
Net pension liability (Note 7)	6,675,255	-	6,675,255	-
Net OPEB liability (Note 8)	113,498,536	16,596,597	130,095,133	-
Total liabilities	127,314,766	51,215,759	178,530,525	3,656
Deferred Inflows of Resources				
Property taxes levied for the following year	31,433,484	-	31,433,484	21,124
Deferred pension cost reductions (Note 7)	14,088,222	2,785,076	16,873,298	-
Deferred OPEB cost reductions (Note 8)	10,602,164	1,550,327	12,152,491	-
Total deferred inflows of resources	56,123,870	4,335,403	60,459,273	21,124

Charter Township of Waterford

Statement of Net Position (Continued)

December 31, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position (Deficit)				
Net investment in capital assets	\$ 51,139,451	\$ 73,861,071	\$ 125,000,522	\$ -
Restricted:				
Police	938,599	-	938,599	-
Police and fire	50,201	-	50,201	-
Community development	1,613,661	-	1,613,661	-
Library	1,535,925	-	1,535,925	-
Nature center	573,667	-	573,667	-
Capital projects	-	6,253,705	6,253,705	-
Indigent defense	67,089	-	67,089	-
Unrestricted	(106,615,527)	9,580,664	(97,034,863)	224,983
Total net position (deficit)	\$ (50,696,934)	\$ 89,695,440	\$ 38,998,506	\$ 224,983

Charter Township of Waterford

	Expenses	Program Revenue			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Primary government:					
Governmental activities:					
General government	\$ 2,654,531	\$ 796,647	\$ 43,251	\$ -	
District court	2,230,009	785,457	316,632	-	
Public safety:					
Police	11,419,879	90,920	2,704,430	100	
Fire	17,412,190	9,742,953	1,313,679	-	
Building inspections and related	1,181,691	592,755	-	-	
Public works	671,591	85,405	-	-	
Community and economic development	1,704,205	325,042	620,997	-	
Recreation and culture	3,467,112	275,601	346,104	-	
Interest on long-term debt	10,947	-	-	-	
Total governmental activities	40,752,155	12,694,780	5,345,093	100	
Business-type activities - Enterprise Fund					
- Water and Sewer Fund	20,672,535	25,273,736	-	874,883	
Total primary government	\$ 61,424,690	\$ 37,968,516	\$ 5,345,093	\$ 874,983	
Component units:					
Economic Development Corporation	\$ -	\$ 111	\$ -	\$ -	
Waterford Youth Assistance Corporation	22,976	1,990	24,436	-	
Brownfield Redevelopment Authority	3,633	-	-	-	
Total component units	\$ 26,609	\$ 2,101	\$ 24,436	\$ -	
General revenue:					
Property taxes					
Unrestricted state-shared revenue					
Unrestricted investment income					
Unrestricted cable franchise fees					
Gain on sale of capital assets					
Other miscellaneous income					
Total general revenue					

Change in Net Position

Net Position (Deficit) - Beginning of year, as restated (Note 1)

Net Position (Deficit) - End of year

Statement of Activities

Year Ended December 31, 2020

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,814,633)	\$ (1,127,920)	\$ (1,814,633)	\$ (1,127,920)
(8,624,429)	-	(8,624,429)	-
(6,355,558)	-	(6,355,558)	-
(588,936)	-	(588,936)	-
(586,186)	-	(586,186)	-
(758,166)	-	(758,166)	-
(2,845,407)	-	(2,845,407)	-
(10,947)	-	(10,947)	-
(22,712,182)	-	(22,712,182)	-
 -	 5,476,084	 5,476,084	 -
(22,712,182)	5,476,084	(17,236,098)	-
 -	 -	 -	 111
 -	 -	 -	 3,450
 -	 -	 -	 (3,633)
 -	 -	 -	 (72)
29,685,147	-	29,685,147	21,872
6,796,110	-	6,796,110	-
636,814	520,139	1,156,953	2,546
1,099,017	-	1,099,017	-
17,665	8,593	26,258	-
542,388	-	542,388	-
 38,777,141	 528,732	 39,305,873	 24,418
16,064,959	6,004,816	22,069,775	24,346
 (66,761,893)	 83,690,624	 16,928,731	 200,637
 \$ (50,696,934)	 \$ 89,695,440	 \$ 38,998,506	 \$ 224,983

Charter Township of Waterford

Governmental Funds Balance Sheet

December 31, 2020

	General Fund	Police Fund	Fire Fund	Police and Fire Special Assessment District Fund	Nonmajor Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 20,416,779	\$ 7,622,276	\$ 7,636,838	\$ 3,878,776	\$ 17,230,011	\$ 56,784,680
Receivables:						
Property taxes receivable	3,820,464	2,944,971	2,588,645	2,698,783	1,399,007	13,451,870
Special assessments receivable	183,638	-	-	-	36,858	220,496
Accrued interest receivable	45,000	-	-	-	-	45,000
Due from other governments	1,144,857	212,116	300,313	-	133,814	1,791,100
Rehabilitation loan receivable	-	-	-	-	1,161,092	1,161,092
Other receivables	157,888	-	-	-	-	157,888
Prepaid items	6,409	6,079	21,501	-	986,842	1,020,831
Total assets	\$ 25,775,035	\$ 10,785,442	\$ 10,547,297	\$ 6,577,559	\$ 20,947,624	\$ 74,632,957
Liabilities						
Accounts payable	\$ 178,668	\$ 136,983	\$ 133,435	\$ -	\$ 55,323	\$ 504,409
Refundable deposits, bonds, etc.	800,956	1,960	-	-	95,104	898,020
Accrued liabilities and other	298,511	201,544	735,214	1,494	132,639	1,369,402
Unearned revenue	-	-	-	-	124,034	124,034
Total liabilities	1,278,135	340,487	868,649	1,494	407,100	2,895,865
Deferred Inflows of Resources						
Unavailable revenue	84,581	149,742	275,661	-	1,212,796	1,722,780
Property taxes levied for the following year	9,139,247	6,727,101	5,890,320	6,525,864	3,150,952	31,433,484
Total deferred inflows of resources	9,223,828	6,876,843	6,165,981	6,525,864	4,363,748	33,156,264
Total liabilities and deferred inflows of resources	10,501,963	7,217,330	7,034,630	6,527,358	4,770,848	36,052,129

Charter Township of Waterford

Governmental Funds Balance Sheet (Continued)

December 31, 2020

	General Fund	Police Fund	Fire Fund	Police and Fire Special Assessment District Fund	Nonmajor Funds	Total Governmental Funds
Fund Balances						
Nonspendable - Prepaids	\$ 6,409	\$ 6,079	\$ 21,501	\$ -	\$ 986,842	\$ 1,020,831
Restricted:						
Police	-	-	-	-	924,474	924,474
Police and fire	-	-	-	50,201	-	50,201
Community development	-	-	-	-	452,569	452,569
Library	-	-	-	-	1,535,925	1,535,925
Nature center	-	-	-	-	573,667	573,667
Michigan indigent defense	-	-	-	-	67,089	67,089
Committed:						
Cemetery care	565,289	-	-	-	-	565,289
Workers' compensation	959,138	-	-	-	-	959,138
Budget stabilization	2,850,811	-	-	-	-	2,850,811
Capital projects - Police	-	-	-	-	1,403,161	1,403,161
Capital projects - General	-	-	-	-	590,259	590,259
Capital projects - Fire	-	-	-	-	2,515,325	2,515,325
Capital projects - Parks and recreation	-	-	-	-	238,153	238,153
Assigned:						
Cable-related projects	-	-	-	-	807,582	807,582
Police	-	3,562,033	-	-	-	3,562,033
Fire	-	-	3,491,166	-	-	3,491,166
Community development	-	-	-	-	200,000	200,000
Capital projects - Improvement revolving fund	-	-	-	-	4,662,628	4,662,628
Parks and recreation	-	-	-	-	1,219,102	1,219,102
Unassigned	10,891,425	-	-	-	-	10,891,425
Total fund balances	15,273,072	3,568,112	3,512,667	50,201	16,176,776	38,580,828
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,775,035</u>	<u>\$ 10,785,442</u>	<u>\$ 10,547,297</u>	<u>\$ 6,577,559</u>	<u>\$ 20,947,624</u>	<u>\$ 74,632,957</u>

Charter Township of Waterford

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2020

Fund Balances Reported in Governmental Funds	\$ 38,580,828
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	50,940,498
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	1,722,780
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(265,457)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,123)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(2,909,724)
Pension benefits	(15,668,938)
Retiree health care benefits	(123,021,011)
Other long-term liabilities, such as claims and judgments, do not present a claim on current financial resources and are not reported as fund liabilities	(793,482)
Internal service funds are included as part of governmental activities	718,695
Net Position of Governmental Activities	\$ (50,696,934)

Charter Township of Waterford

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

Year Ended December 31, 2020

	General Fund	Police Fund	Fire Fund	Police and Fire Special Assessment District Fund	Nonmajor Funds	Total Governmental Funds
Revenue						
Property taxes	\$ 8,422,698	\$ 6,514,315	\$ 5,705,082	\$ 5,982,605	\$ 3,051,969	\$ 29,676,669
Special assessments	-	-	-	-	17,157	17,157
Intergovernmental:						
Federal grants	1,848,756	587,440	1,038,018	-	638,803	4,113,017
State sources	6,945,217	28,153	24,652	-	268,855	7,266,877
Charges for services	1,090,506	31,389	9,731,932	-	401,482	11,255,309
Fines and forfeitures	950,859	59,531	-	-	134,265	1,144,655
Licenses and permits	591,373	39,602	-	-	33,655	664,630
Investment income	704,077	109,429	113,441	31,451	178,235	1,136,633
Other revenue:						
Local contributions	-	-	-	-	27,920	27,920
Other miscellaneous income	124,085	369,031	40,852	-	27,131	561,099
Cable franchise fees	978,125	-	-	-	120,892	1,099,017
Refunds and reimbursements	689,222	-	14,921	-	-	704,143
Total revenue	22,344,918	7,738,890	16,668,898	6,014,056	4,900,364	57,667,126
Expenditures						
Current services:						
General government	6,564,867	-	-	-	476,486	7,041,353
District court	2,557,720	-	-	-	-	2,557,720
Public safety:						
Police	11,105	14,441,248	-	-	296,023	14,748,376
Fire	-	-	19,243,208	-	-	19,243,208
Building inspection	1,172,795	-	-	-	-	1,172,795
Public works	-	-	-	-	116,028	116,028
Community and economic development	1,402,939	-	-	-	569,949	1,972,888
Recreation and culture	-	-	-	-	3,491,142	3,491,142
Capital outlay	199,212	194,666	517,088	-	1,211,015	2,121,981
Debt service	133,760	-	-	-	-	133,760
Total expenditures	12,042,398	14,635,914	19,760,296	-	6,160,643	52,599,251
Excess of Revenue Over (Under) Expenditures	10,302,520	(6,897,024)	(3,091,398)	6,014,056	(1,260,279)	5,067,875
Other Financing Sources (Uses)						
Transfers in (Note 5)	-	7,306,280	4,135,110	-	3,696,800	15,138,190
Transfers out (Note 5)	(7,203,800)	(700,000)	(1,205,000)	(5,984,390)	(45,000)	(15,138,190)
Sale of capital assets	4,627	19,201	10,993	-	-	34,821
Total other financing (uses) sources	(7,199,173)	6,625,481	2,941,103	(5,984,390)	3,651,800	34,821
Net Change in Fund Balances	3,103,347	(271,543)	(150,295)	29,666	2,391,521	5,102,696
Fund Balances - Beginning of year, as restated (Note 1)	12,169,725	3,839,655	3,662,962	20,535	13,785,255	33,478,132
Fund Balances - End of year	\$ 15,273,072	\$ 3,568,112	\$ 3,512,667	\$ 50,201	\$ 16,176,776	\$ 38,580,828

Charter Township of Waterford

Governmental Funds

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

Year Ended December 31, 2020

Net Change in Fund Balances Reported in Governmental Funds	\$ 5,102,696
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	2,446,302
Depreciation expense	(2,260,136)
Net book value of assets disposed of	(48,315)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	459,210
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	123,654
Interest expense is recognized in the government-wide statements as it accrues	550
Changes to some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported in the governmental funds	10,406,299
Changes to claims and similar costs that do not use current financial resources are not reported in the governmental funds	(47,608)
Internal service funds are included as part of governmental activities	<u>(117,693)</u>
Change in Net Position of Governmental Activities	\$ <u>16,064,959</u>

Charter Township of Waterford

Proprietary Funds Statement of Net Position

December 31, 2020

	Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
Assets		
Current assets:		
Cash and investments (Note 3)	\$ 20,800,483	\$ 454,164
Receivables:		
Special assessments receivable - Due within one year	203,969	-
Customer receivables	8,576,602	-
Accrued interest receivable	30,120	-
Due from other governments	8,485	-
Other receivables	-	6,756
Inventory	-	68,689
	29,619,659	529,609
Noncurrent assets:		
Restricted assets	6,253,705	-
Net pension asset (Note 7)	2,527,320	-
Capital assets: (Note 4)		
Assets not subject to depreciation	12,654,874	-
Assets subject to depreciation - Net	94,011,693	464,410
	115,447,592	464,410
Total noncurrent assets		
	145,067,251	994,019
Deferred Outflows of Resources		
Deferred pension costs (Note 7)	21,471	-
Deferred OPEB costs (Note 8)	157,880	-
	179,351	-
Liabilities		
Current liabilities:		
Accounts payable	1,170,434	23,522
Accrued liabilities and other	275,748	-
Compensated absences	260,219	-
Provision for claims	21,678	-
Current portion of long-term debt (Note 6)	2,411,633	-
	4,139,712	23,522
Noncurrent liabilities:		
Compensated absences	85,587	-
Accrued unemployment	-	251,802
Net OPEB liability (Note 8)	16,596,597	-
Long-term debt (Note 6)	30,393,863	-
	47,076,047	251,802
Total noncurrent liabilities		
	51,215,759	275,324
Deferred Inflows of Resources		
Deferred pension cost reductions (Note 7)	2,785,076	-
Deferred OPEB cost reductions (Note 8)	1,550,327	-
	4,335,403	-

Charter Township of Waterford

Proprietary Funds Statement of Net Position (Continued)

December 31, 2020

	Enterprise Funds	Governmental Activities	
		Water and Sewer Fund	Internal Service Funds
Net Position			
Net investment in capital assets	\$ 73,861,071	\$ 464,410	
Restricted - Capital projects	6,253,705	-	
Unrestricted	9,580,664	254,285	
Total net position	\$ 89,695,440	\$ 718,695	

Charter Township of Waterford

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

Year Ended December 31, 2020

	Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
Operating Revenue		
Sale of water	\$ 6,895,847	\$ -
Sewage disposal charges	17,950,840	-
Other sales to customers	32,627	-
Charges for services	394,422	36,707
Total operating revenue	25,273,736	36,707
Operating Expenses		
Cost of water	1,806,859	-
Cost of sewage treatment	9,820,447	-
Other operating and maintenance costs	751,566	-
Billing and administrative costs	1,929,440	-
Unemployment cost	-	336
Depreciation	5,642,313	139,213
Total operating expenses	19,950,625	139,549
Operating Income (Loss)	5,323,111	(102,842)
Nonoperating Revenue (Expense)		
Investment income	520,139	3,696
Interest expense	(721,910)	(1,391)
Gain (loss) on sale of assets	8,593	(17,156)
Total nonoperating expense	(193,178)	(14,851)
Income (Loss) - Before capital contributions	5,129,933	(117,693)
Capital Contributions		
Capital grants	531,594	-
Benefit fees	233,655	-
Lines donated by developers	109,634	-
Total capital contributions	874,883	-
Change in Net Position	6,004,816	(117,693)
Net Position - Beginning of year	83,690,624	836,388
Net Position - End of year	\$ 89,695,440	\$ 718,695

Charter Township of Waterford

Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2020

	Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
Cash Flows from Operating Activities		
Receipts from customers	\$ 24,892,773	\$ 36,707
Payments to suppliers	(10,354,829)	-
Payments to employees and fringes	(6,547,856)	-
Claims paid	-	(11,733)
Other receipts	-	23,077
Net cash and cash equivalents provided by operating activities	7,990,088	48,051
Cash Flows from Capital and Related Financing Activities		
Special assessment collections	20,952	-
Benefit fees	233,655	-
Proceeds from sale of capital assets	3,188	-
Purchase of capital assets	(3,880,352)	-
Principal and interest paid on capital debt	(3,139,760)	(181,205)
Net cash and cash equivalents used in capital and related financing activities	(6,762,317)	(181,205)
Cash Flows from Investing Activities		
Interest received on investments	575,072	3,696
Proceeds from sale and maturities of investment securities	(454,248)	-
Net cash and cash equivalents provided by investing activities	120,824	3,696
Net Increase (Decrease) in Cash and Cash Equivalents	1,348,595	(129,458)
Cash and Cash Equivalents - Beginning of year	9,871,196	583,622
Cash and Cash Equivalents - End of year	<u><u>\$ 11,219,791</u></u>	<u><u>\$ 454,164</u></u>
Classification of Cash and Cash Equivalents		
Cash and investments	\$ 20,800,483	\$ 454,164
Less amounts classified as investments	(9,580,692)	-
Total cash and cash equivalents	<u><u>\$ 11,219,791</u></u>	<u><u>\$ 454,164</u></u>

Charter Township of Waterford

Proprietary Funds Statement of Cash Flows (Continued)

Year Ended December 31, 2020

	Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities		
Operating income (loss)		
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	5,642,313	139,213
Changes in assets and liabilities:		
Receivables	(380,963)	-
Inventories	-	9,197
Prepaid and other assets	11,473	-
Accrued and other liabilities	77,326	-
Accounts payable	108,505	13,880
Estimated claims liability	(44,415)	(11,397)
Net pension and OPEB liabilities and related deferrals	(2,747,262)	-
Total adjustments	2,666,977	150,893
Net cash and cash equivalents provided by operating activities	<u>\$ 7,990,088</u>	<u>\$ 48,051</u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2020, the Water and Sewer Fund received approximately \$110,000 of lines donated by developers. In addition, Oakland County, Michigan constructed approximately \$1.1 million of infrastructure assets for which the Township incurred long-term debt of approximately \$4.0 million (most of which was not yet spent), received capital grants of approximately \$532,000, and reduced restricted assets by approximately \$511,000.

Charter Township of Waterford

Fiduciary Funds Statement of Fiduciary Net Position

December 31, 2020

	Pension and Other	Postemployment Benefits Funds	Custodial Funds
Assets			
Cash and cash equivalents	\$ 6,133,833	\$ 2,854,215	
Investments:			
Fixed-income funds	19,112,885		-
Publicly traded partnerships	22,155,792		-
Stocks	101,026,441		-
Mutual funds	50,624,297		-
Real estate investment trusts	9,640,790		-
Pension manager short-term funds	5,504,154		-
Securities lending short-term collateral bank investment pool - Mutual funds	931,921		-
Receivables - Special assessments	-	116,430	
Prepaid items	<u>922,022</u>	<u>-</u>	
Total assets	216,052,135	2,970,645	
Liabilities			
Accounts payable	503,102	14,332	
Due to other governmental units	-	2,108,594	
Accrued liabilities and other	292,439	216,923	
Obligations under securities lending agreements	<u>954,066</u>	<u>-</u>	
Total liabilities	1,749,607	2,339,849	
Deferred Inflows of Resources - Special assessments levied for the following fiscal year	<u>-</u>	<u>281,467</u>	
Total liabilities and deferred inflows of resources	<u>1,749,607</u>	<u>2,621,316</u>	
Net Position			
Restricted:			
Pension	183,705,345		-
Postemployment benefits other than pension	30,597,183		-
Individuals, organizations, and other governments	-	349,329	
Total net position	<u>\$ 214,302,528</u>	<u>\$ 349,329</u>	

Charter Township of Waterford

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2020

	Pension and Other	Postemployment Benefits Funds	Custodial Funds
Additions			
Investment income (loss):			
Interest and dividends	\$ 3,650,624	\$ -	-
Net increase in fair value of investments	24,640,888	-	-
Investment costs	(834,705)	-	-
Net investment income	27,456,807	-	-
Contributions:			
Employer contributions	15,875,218	-	-
Employee contributions	434,447	-	-
Total contributions	16,309,665	-	-
Property tax collections	-	61,409,711	
Special assessments	-	313,459	
District court receipts	-	432,189	
Total additions	43,766,472	62,155,359	
Deductions			
Benefit payments	18,735,153	-	-
Administrative expenses	91,894	-	-
Tax distributions to other governments	-	61,409,711	
Weed control	-	294,577	
District court disbursements	-	432,189	
Total deductions	18,827,047	62,136,477	
Net Increase in Fiduciary Net Position	24,939,425	18,882	
Net Position - Beginning of year, as restated (Note 1)	189,363,103	330,447	
Net Position - End of year	\$ 214,302,528	\$ 349,329	

Charter Township of Waterford

Component Units Statement of Net Position

December 31, 2020

	Economic Development Corporation	Waterford Youth Assistance Corporation	Brownfield Redevelopment Authority	Total
Assets				
Cash and investments	\$ 144,673	\$ 62,094	\$ 21,872	\$ 228,639
Receivables - Property taxes	-	-	21,124	21,124
Total assets	144,673	62,094	42,996	249,763
Liabilities - Accounts payable				
Deferred Inflows of Resources - Property taxes levied for the following year	-	23	3,633	3,656
Net Position - Unrestricted	\$ 144,673	\$ 62,071	\$ 18,239	\$ 224,983

Charter Township of Waterford

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Economic Development Corporation	\$ -	\$ 111	\$ -	\$ -
Waterford Youth Assistance Corporation	22,976	1,990	24,436	-
Brownfield Redevelopment Authority	3,633	-	-	-
Total component units	\$ 26,609	\$ 2,101	\$ 24,436	\$ -
General revenue:				
Property taxes				
Unrestricted investment income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year, as restated (Note 1)				
Net Position - End of year				

**Component Units
Statement of Activities**

Year Ended December 31, 2020

Net Revenue (Expense) and Changes in Net Position

	Waterford			
Economic Development Corporation	Youth Assistance Corporation	Brownfield Redevelopment Authority		Total
\$ 111	\$ -	\$ -	\$ 111	
-	3,450	-	-	3,450
-	-	(3,633)	-	(3,633)
111	3,450	(3,633)	-	(72)
 - 1,754	 - 792	 21,872	 - 2,546	 21,872
1,754	792	21,872	24,418	
1,865	4,242	18,239	24,346	
142,808	57,829	-	200,637	
\$ 144,673	\$ 62,071	\$ 18,239	\$ 224,983	

December 31, 2020

Note 1 - Significant Accounting Policies

Reporting Entity

The Charter Township of Waterford (the "Township") is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. The blended component unit is, in substance, part of the Township's operations, even though it is a separate legal entity. Thus, the blended component unit is appropriately presented as part of the Township. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township (see discussion below for description).

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

Blended Component Unit

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

Discretely Presented Component Units

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

Waterford Youth Assistance Corporation

The Waterford Youth Assistance Corporation was created to mobilize community interest and forces toward youth and family adjustment and to aid in the prevention of juvenile delinquency and neglect. The Waterford Youth Assistance Corporation's governing body is appointed by the township board. The Township also has the ability to impose its will on the component unit.

Economic Development Corporation

The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township so as to provide needed services and facilities of such enterprises to the residents of the Township. The Economic Development Corporation's governing body, which consists of 11 individuals, is selected by the supervisor and approved by the township board. The Township also has the ability to impose its will on the component unit.

Brownfield Redevelopment Fund

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

December 31, 2020

Note 1 - Significant Accounting Policies (Continued)

Accounting and Reporting Principles

The Charter Township of Waterford follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the Township:

Report Presentation

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

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

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

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

Basis of Accounting

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

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

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

December 31, 2020

Note 1 - Significant Accounting Policies (Continued)

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

Fund Accounting

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

Governmental Funds

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

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

Proprietary Funds

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

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

The Township's internal service funds are used to account for the financing of goods and services provided by one department to other departments of the Township on a cost-reimbursement basis. The Township utilizes internal services funds to account for motor pool activities and fire unemployment costs.

Fiduciary Funds

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

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

December 31, 2020

Note 1 - Significant Accounting Policies (Continued)

Interfund Activity

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

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

Specific Balances and Transactions

Cash and Investments

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

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

The Township has \$6,253,705 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 acquisition value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

December 31, 2020**Note 1 - Significant Accounting Policies (Continued)**

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

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

Long-term Obligations

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Township reports deferred outflows of resources related to the defined benefit pension plans and other postemployment benefit plan. The deferred outflows of resources related to the defined benefit pension plans and other postemployment benefit plan are reported in the government-wide financial statements and the Water and Sewer Fund (see Notes 7 and 8 for details).

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Property taxes levied for the following year qualify for reporting in this category. The governmental funds also report unavailable revenue from grants and other sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Township also reports deferred inflows of resources related to the defined benefit pension plans. The deferred inflows of resources related to the defined benefit pension plans and other postemployment benefit plan are reported in the government-wide financial statements and the Water and Sewer Fund (see Notes 7 and 8 for details).

December 31, 2020

Note 1 - Significant Accounting Policies (Continued)

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The Township's board of trustees has, by resolution, authorized the budget director and assistant budget director to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally 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.

December 31, 2020

Note 1 - Significant Accounting Policies (Continued)

The Township's board of trustees has adopted, by ordinance, a Budget Stabilization Fund under Michigan's Public Act 30 of 1978, as amended. The board of trustees may, with a two-thirds vote, set aside General Fund surplus, up to a maximum of 20 percent of the most recent General Fund budget (or average of the five most recent budgets, if less). An appropriation from the Budget Stabilization Fund, which also requires a two-thirds vote of the board of trustees, may only occur to correct a budget shortfall or in the case of a natural disaster. The balance at December 31, 2020 of the stabilization amount, which is reported in the General Fund, is \$2,850,811.

Property Tax Revenue

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

The Township's 2019 property tax revenue was levied and collectible on December 31, 2019 and is recognized as revenue in the year ended December 31, 2020 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2019 taxable valuation of the Township totaled 2.24 billion on which ad valorem taxes levied consisted of 3.7120 mills for operating purposes, 2.9067 mills for police, 2.5453 mills for the fire department, 0.8794 mills for the library, 0.4822 mills for parks and recreation, and 2.78 mills for police and fire special assessment. This resulted in property tax revenue of \$8.3 million for operating, \$6.5 million for police, \$5.7 million for the fire department, \$2.0 million for the library, \$1.1 million for parks and recreation, and \$6.0 million for police and fire special assessment. These amounts are recognized in the respective General Fund and special revenue fund financial statements as tax revenue.

Pension

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

Other Postemployment Benefits

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

December 31, 2020

Note 1 - Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave)

It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. All other accrued compensated absences are reported in the government-wide financial statements; generally, the funds that report each employee's compensation (the General Fund, Police Fund, Fire Fund, and Water and Sewer Fund, primarily) are used to liquidate obligations.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund and internal service funds is charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates

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

Upcoming Accounting Pronouncements

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

December 31, 2020

Note 1 - Significant Accounting Policies (Continued)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement were originally effective for the Township's financial statements for the year ended December 31, 2020 but were extended to December 31, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

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

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

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

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2023.

December 31, 2020

Note 1 - Significant Accounting Policies (Continued)

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

Adoption of New Accounting Pronouncement

During the current year, the Township adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the District Court and Weed Control Fund are now reported as fiduciary activities. The Weed Control Fund was previously reported as a governmental fund.

The effect of this new standard on fund balance/net position was as follows:

	Nonmajor Governmental Funds	Governmental Activities	Fiduciary
Net position (deficit)/fund balance - December 31, 2019 - As previously reported	\$ 14,115,702	\$ (66,431,446)	\$ 189,363,103
Adjustment for GASB Statement No. 84	(330,447)	(330,447)	330,447
Net position (deficit)/fund balance - December 31, 2019 - As restated	<u>\$ 13,785,255</u>	<u>\$ (66,761,893)</u>	<u>\$ 189,693,550</u>

Reporting Change

In 2020, the Township determined the Veterans Memorial Fund should no longer be presented as a discretely presented component unit. The activity is now accounted for within the General Fund and governmental activities. As a result, beginning net position for the aggregate component units was reduced by \$58,931 to \$200,637.

Subsequent Event

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law. The Township anticipates that it will receive approximately \$9.3 million in funding from the ARPA based upon formulas provided by the U.S. Treasury. Funds are to be distributed in two tranches - the first after the U.S. Treasury certifies the proceeds to each jurisdiction and the second approximately one year later. The Township is awaiting formal guidelines from the U.S. Treasury before determining how the funds will be used.

December 31, 2020

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees

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

Cumulative shortfall at January 1, 2020	\$ (6,171,023)
Current year permit revenue	591,373
Related expenses:	
Direct costs	\$ 814,248
Estimated indirect costs	<u>-</u> 814,248
Current year shortfall	<u>(222,875)</u>
Cumulative shortfall December 31, 2020	<u>\$ (6,393,898)</u>

Note 3 - Deposits and Investments

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

	Governmental Activities	Business-type Activities	Total	Fiduciary	Total Primary Government and Fiduciary Funds	Component Units
Cash and investments	\$ 57,238,844	\$ 20,800,483	\$ 78,039,327	\$ 217,984,328	\$ 296,023,655	\$ 228,639

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

	Primary Government and Fiduciary Funds	Component Units
Deposits with financial institutions	\$ 38,012,846	\$ 228,639
Investments:		
Equity securities and mutual funds	151,650,740	-
Debt securities or funds	21,392,999	-
Short-term funds	47,666,334	-
Real estate and other	<u>37,300,736</u>	<u>-</u>
Total	<u>\$ 296,023,655</u>	<u>\$ 228,639</u>

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

December 31, 2020

Note 3 - Deposits and Investments (Continued)

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

The Township has designated 13 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit (CDs) but not the remainder of state statutory authority, as listed above. The Township's deposits and investment policies are in accordance with statutory authority. The Township's cash and investments are subject to several types of risk, which are examined in more detail below.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township and its component units had \$32,943,457 of bank deposits (certificates of deposit and checking and savings accounts). Of that amount, \$2,500,000 was covered by federal depository insurance, and the remainder was uninsured and uncollateralized. The Township believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC) insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

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

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

Government-wide Activities	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Agency securities	\$ 2,280,115	\$ -	\$ 2,280,115	\$ -	\$ -
Fixed-income pool	46,734,413	-	46,734,413	-	-
Total	\$ 49,014,528	\$ -	\$ 49,014,528	\$ -	\$ -
Fiduciary Activities	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Fiduciary Activities	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Agency securities	\$ 1,242,100	\$ -	\$ 26,646	\$ 190,538	\$ 1,024,916
Bonds	1,369,564	-	389,094	691,975	288,495
Total	\$ 2,611,664	\$ -	\$ 415,740	\$ 882,513	\$ 1,313,411

December 31, 2020

Note 3 - Deposits and Investments (Continued)

Credit Risk

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

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Agency securities	\$ 2,280,115	Aaa	Moody's
Fixed-income pool	<u>46,734,413</u>	Not rated	
Total	<u>\$ 49,014,528</u>		
Fiduciary Funds			
Bonds	\$ 118,832	A-	S&P
Bonds	27,812	A+	S&P
Bonds	28,718	AA-	S&P
Bonds	29,468	AAA	S&P
Bonds	184,850	BB	S&P
Bonds	207,221	BB-	S&P
Bonds	139,859	BB+	S&P
Bonds	183,949	BBB	S&P
Bonds	247,239	BBB-	S&P
Bonds	201,616	BBB+	S&P
Agency securities	38,551	A-	S&P
Agency securities	42,324	A+	S&P
Agency securities	52,674	AA-	S&P
Agency securities	28,762	AA+	S&P
Agency securities	105,564	AAA	S&P
Agency securities	23,200	BBB	S&P
Agency securities	53,605	BBB-	S&P
Agency securities	52,627	BBB+	S&P
Agency securities	<u>844,793</u>	Not rated	

Concentration of Credit Risk

The Township places no limit on the amount it may invest in any one issuer. More than 56 percent of the primary government's cash and investments are in the Oakland County Local Government Investment Pool (the "LGIP"). The LGIP is not registered with the Securities and Exchange Commission (SEC) and does not issue a separate report. The fair value of the position in the pool is not the same as the value of the pool shares since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost.

More than 5 percent of the Township's fiduciary investments are in the HGK Trinity Street International Equity Fund (5.03 percent), Baird Aggregate Bond Fund (7.28 percent), Advisors Inner Circle Fund (6.66 percent), and Virtus Asset Trust (7.57 percent).

December 31, 2020**Note 3 - Deposits and Investments (Continued)*****Securities Lending***

As permitted by some state statutes and under the provisions of a securities lending authorization agreement, the Township's Police and Fire Retirement System and General Employees' Retirement System (the "Retirement Systems") lend securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Retirement Systems' custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. Borrowers are required to deliver collateral for each loan equal to no less than 100 percent of the market value of the loaned securities. During the year ended December 31, 2020, only United States currency was received as collateral.

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

The Retirement Systems and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of such investment pool as of December 31, 2020 did not generally match the duration of the investments made with cash collateral. On December 31, 2020, 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, 2020 were \$931,921 and \$932,416, respectively, for the General Employees' Retirement System. A portion of the cash collateral received on each loan was invested, together with the cash collateral of other lenders, in a pool. The remaining collateral was invested in assets held by each system. The remaining investments held in the pool and the other investments of collateral consist of a floating-rate note and mutual funds not rated by Standard & Poor's (S&P). The Police and Fire Retirement System did not invest in securities lending as of December 31, 2020.

Fair Value Measurements

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

December 31, 2020

Note 3 - Deposits and Investments (Continued)

The Township has the following recurring fair value measurements as of December 31, 2020:

	Assets Measured at Carrying Value on a Recurring Basis				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Balance at December 31, 2020
Fixed-income funds	\$ 16,501,200	\$ 2,611,684	\$ -	\$ 19,112,884	
Publicly traded partnerships	-	338,123	-	-	338,123
Stocks	101,026,441	-	-	-	101,026,441
Mutual funds	45,273,698	-	-	-	45,273,698
Real estate investment trusts	2,211,860	-	-	-	2,211,860
Pension manager short-term debt	-	5,504,154	-	-	5,504,154
Agency securities	-	2,280,115	-	-	2,280,115
 Total investments by fair value level	 <u>\$ 165,013,199</u>	 <u>\$ 10,734,076</u>	 <u>\$ -</u>	 <u>175,747,275</u>	
 Investments measured at net asset value (NAV):					
Mutual funds					5,350,599
Publicly traded partnerships					21,817,669
Real estate investment trusts					7,540,698
Fixed-income pool					<u>46,734,413</u>
 Total investments measured at NAV	 <u></u>	 <u></u>	 <u></u>	 <u>81,443,379</u>	
 Total investments measured at fair value	 <u></u>	 <u></u>	 <u></u>	 <u>\$ 257,190,654</u>	

Certain fixed-income funds, mutual funds, real estate investment trusts, and stocks classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of certain fixed-income funds, publicly traded partnerships, pension manager short-term debt, and agency securities at December 31, 2020 was determined primarily based on Level 2 inputs. The Township estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented in the table below.

Investments in Entities that Calculate Net Asset Value per Share

The Township holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

December 31, 2020**Note 3 - Deposits and Investments (Continued)**

At December 31, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Mutual funds	\$ 5,350,599	\$ -	No restrictions	None
Publicly traded partnerships	21,817,669	2,681,133	Monthly - Quarterly	30 - 65 days
Real estate investment trusts	7,540,698	1,621,123	Quarterly	10 days
Fixed-income pool	46,734,413	-	No restrictions	None
Total	\$ 81,443,379	\$ 4,302,256		

The mutual funds class includes investments in mutual funds that invest in stocks within the U.S. equity market, bonds of governments, government-related entities and agencies, and corporations primarily in the U.S. The publicly traded partnerships class includes investments in stocks within the foreign equity markets and funds that invest in large core global infrastructure assets. The real estate investment trusts class includes funds that invest in commercial U.S. real estate properties. The fixed-income pool class includes investment in a local government investment pool that invests assets in a manner that seeks the highest investment return consistent with preservation of capital while meeting the daily liquidity needs of participants. The fair values of the investments in these classes have been estimated using net asset value per share of the investments.

December 31, 2020

Note 4 - Capital Assets

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

Governmental Activities

	Balance January 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2020
Capital assets not being depreciated:					
Land	\$ 26,582,060	\$ -	\$ -	\$ -	\$ 26,582,060
Construction in progress	28,066	(28,066)	36,440	-	36,440
Subtotal	26,610,126	(28,066)	36,440	-	26,618,500
Capital assets being depreciated:					
Infrastructure	15,306,215	-	429,920	-	15,736,135
Buildings and improvements	30,847,447	28,066	255,808	(550)	31,130,771
Machinery and office equipment, vehicles, and other	26,757,740	-	1,724,134	(1,143,219)	27,338,655
Subtotal	72,911,402	28,066	2,409,862	(1,143,769)	74,205,561
Accumulated depreciation:					
Infrastructure	12,551,673	-	149,615	-	12,701,288
Buildings and improvements	15,371,771	-	633,630	(495)	16,004,906
Machinery and office equipment, vehicles, and other	20,167,902	-	1,616,104	(1,071,047)	20,712,959
Subtotal	48,091,346	-	2,399,349	(1,071,542)	49,419,153
Net capital assets being depreciated	24,820,056	28,066	10,513	(72,227)	24,786,408
Net governmental activities capital assets	\$ 51,430,182	\$ -	\$ 46,953	\$ (72,227)	\$ 51,404,908

Charter Township of Waterford

Notes to Financial Statements

December 31, 2020

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance January 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2020
Capital assets not being depreciated:					
Land	\$ 3,267,097	\$ -	\$ -	\$ -	\$ 3,267,097
Construction in progress	8,113,058	-	1,274,719	-	9,387,777
Subtotal	11,380,155	-	1,274,719	-	12,654,874
Capital assets being depreciated:					
Lines and laterals	128,603,341	-	1,254,592	(591,632)	129,266,301
Buildings and improvements	25,375,265	-	-	-	25,375,265
Machinery and office equipment, vehicles, and other	7,886,441	-	560,369	(335,724)	8,111,086
Oakland-Macomb Interceptor joint assets	23,788,976	-	-	-	23,788,976
Subtotal	185,654,023	-	1,814,961	(927,356)	186,541,628
Accumulated depreciation:					
Lines and laterals	65,559,024	-	3,612,036	(591,632)	68,579,428
Buildings and improvements	13,698,378	-	567,808	-	14,266,186
Machinery and office equipment, vehicles, and other	4,263,554	-	510,910	(330,319)	4,444,145
Oakland-Macomb Interceptor joint assets	4,288,617	-	951,559	-	5,240,176
Subtotal	87,809,573	-	5,642,313	(921,951)	92,529,935
Net capital assets being depreciated	97,844,450	-	(3,827,352)	(5,405)	94,011,693
Net business-type activities capital assets	\$ 109,224,605	\$ -	\$ (2,552,633)	\$ (5,405)	\$ 106,666,567

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

Governmental activities:		
General government		\$ 828,018
District court		68,000
Public safety		1,097,739
Community and economic development		38,852
Recreation and culture		366,740
Total governmental activities		\$ 2,399,349
Business-type activities - Water and sewer		\$ 5,642,313

Construction Commitments

The Township has one construction project at December 31, 2020 for which the Water and Sewer Fund had spent \$219,954 and had a remaining commitment of \$25,304.

Charter Township of Waterford

Notes to Financial Statements

December 31, 2020

Note 5 - Interfund Transfers

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Fire Fund	\$ 557,000
	Police Fund	4,900,000
	Other nonmajor governmental funds	<u>1,746,800</u>
	Total General Fund	7,203,800
Fire Fund	Other nonmajor governmental funds	1,205,000
Police Fund	Other nonmajor governmental funds	700,000
Police and Fire Special Assessment District	Fire Fund	3,578,110
	Police Fund	<u>2,406,280</u>
	Total Police and Fire Special Assessment District	5,984,390
Other nonmajor governmental funds	Other nonmajor governmental funds	<u>45,000</u>
	Total	\$ <u>15,138,190</u>

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

Charter Township of Waterford

Notes to Financial Statements

December 31, 2020

Note 6 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements and installment purchase agreements are also general obligations of the government. Long-term debt activity for the year ended December 31, 2020 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
Installment Purchase Agreement:							
Amount of issue -							
\$811,783							
Maturing through 2020	1.87%	\$139,554	\$ 139,554	\$ -	\$ (139,554)	\$ -	\$ -
Installment Purchase Agreement:							
Amount of issue -							
\$187,212							
Maturing through 2020	2.05%	\$38,259	38,259	-	(38,259)	-	-
Total direct borrowings and direct placements principal outstanding			177,813	-	(177,813)	-	-
Other debt:							
General Obligation Unlimited Tax Bond:							
Refunding Bonds - Series 2012							
Amount of issue -							
\$1,151,550							
Maturing through 2023	2.00%-3.00%	\$85,472 - \$123,654	389,111	-	(123,654)	265,457	85,472
Total bonds and contracts payable			566,924	-	(301,467)	265,457	85,472
Compensated absences			2,699,185	8,211,136	(8,000,597)	2,909,724	2,790,425
Estimated liability for workers' compensation claims			630,208	357,305	(305,758)	681,755	395,682
Estimated liability for unemployment claims			257,366	-	(5,564)	251,802	-
Estimated liability for general liability claims			115,666	-	(3,939)	111,727	111,727
Total governmental activities long-term debt			\$ 4,269,349	\$ 8,568,441	\$ (8,617,325)	\$ 4,220,465	\$ 3,383,306

December 31, 2020

Note 6 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
Drinking Water Relief Fund:							
Series 2013A							
Amount of issue -							
\$6,994,654		\$305,000-					
Maturing through 2033	2.00%	\$394,225	\$ 4,874,225	\$	-	\$ (305,000)	\$ 4,569,225
Sewer Relief Fund:							
Series 2013B							
Amount of issue -							
\$4,130,000		\$185,000-					
Maturing through 2035	2.00%	\$246,324	3,411,324		-	(185,000)	3,226,324
Sewer Relief Fund:							
Series 2007-B							
Amount of issue -							
\$3,745,000		\$185,000-					
Maturing through 2027	1.63%	\$200,000	1,517,393		-	(185,000)	1,332,393
Drinking Water Relief Fund:							
Series 2007-C							
Amount of issue -							
\$8,905,000		\$455,000-					
Maturing through 2028	2.13%	\$538,831	4,458,831		-	(455,000)	4,003,831
Oakland-Macomb Sewer Interceptor:							
Series 2010A							
Amount of issue -							
\$3,510,038		\$167,587-					
Maturing through 2030	2.50%	\$220,084	2,312,566		-	(167,587)	2,144,979
Oakland-Macomb Sewer Interceptor:							
Series 2011							
Amount of issue -							
\$4,219,251		\$191,709-					
Maturing through 2033	2.50%	\$263,611	3,164,036		-	(191,709)	2,972,327
Oakland-Macomb Sewer Interceptor:							
Series 2013A							
Amount of issue -							
\$9,206,996		\$305,000-					
Maturing through 2034	2.00%	\$394,225	7,235,245		-	(418,371)	6,816,874
Oakland County Clinton River WRRF:							
Series 2017							
Amount of issue -							
\$3,006,307		\$14,615-					
Maturing through 2038	2.50%	\$179,390	2,531,171	160,194	(120,273)	2,571,092	123,331
Oakland-Macomb Sewer Interceptor:							
Series 2010B 2019 Refunded							
Amount of issue -							
\$607,082		\$37,017-					
Maturing through 2030	1.85%	\$67,304	607,082		-	(37,017)	570,065
							47,786

Charter Township of Waterford

Notes to Financial Statements

December 31, 2020

Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Oakland-Macomb Sewer Interceptor:							
Series 2020A							
Amount of issue -							
\$3,863,844		\$65,844-					
Maturing through 2040	2.00%-5.00%	\$271,141	\$ -	\$ 3,863,843	\$ -	\$ 3,863,843	\$ 65,844
Total direct borrowings and direct placements principal outstanding			30,111,873	4,024,037	(2,064,957)	32,070,953	2,177,105
Other debt -							
General Obligation							
Unlimited Tax Bond:							
Refunding Bonds -							
Series 2012							
Amount of issue -							
\$3,307,031	2.00% - 3.00%	\$234,528- \$366,346	1,100,889	-	(366,346)	734,543	234,528
Total bonds and contracts payable			31,212,762	4,024,037	(2,431,303)	32,805,496	2,411,633
Compensated absences			272,331	627,889	(554,414)	345,806	260,219
Estimated liability for workers' compensation claims			42,969	5,848	(48,817)	-	-
Estimated liability for general liability claims			23,124	-	(1,446)	21,678	21,678
Total business-type activities long-term debt			\$ 31,551,186	\$ 4,657,774	\$ (3,035,980)	\$ 33,172,980	\$ 2,693,530

Revenue Bonds

The Township has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the Drinking Water Relief Fund and Sewer Relief Fund bonds listed above. Proceeds from the bonds provided financing for improvements to the water and sewer system. The bonds are payable solely from the net revenue of the water and sewer system. The remaining principal and interest to be paid on the bonds are \$14,740,932. During the current year, net revenue of the system was \$10,978,447, compared to annual debt requirements of \$1,408,394.

Other Long-term Liabilities

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

December 31, 2020

Note 6 - Long-term Debt (Continued)

During 2009, the counties of Macomb and Oakland, Michigan jointly established the Oakland-Macomb Interceptor Drain Drainage District (OMID), an intercounty drainage district, under Chapter 21 of the Drain Code. The OMID was created to acquire, operate, and maintain the Oakland-Macomb Interceptor (OMI); title to the OMI was transferred from the City of Detroit, Michigan to the OMID as part of a settlement agreement with the City of Detroit, Michigan reached in May 2009. The OMID apportioned the responsibility to pay the debt required to finance this project to the participating cities, townships, and villages located in the two counties. In 2020, the OMID issued Series 2020A bonds to pay for additional costs of the project. The Township's share of the issuance was \$3,863,844. The Township also made a lump-sum payment of \$2 million in 2020. No additional debt is expected to be incurred for active projects.

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

Debt Service Requirements to Maturity

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

Years Ending December 31	Governmental Activities			Business-type Activities				
	Other Borrowings			Direct Borrowings and Direct Placements		Other Debt		
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Total
2021	\$ 85,472	\$ 6,738	\$ 92,210	\$ 2,177,105	\$ 705,299	\$ 234,528	\$ 23,262	\$ 3,140,194
2022	88,841	4,582	93,423	2,251,522	679,758	246,159	15,818	3,193,257
2023	91,144	2,325	93,469	2,304,964	629,327	253,856	8,025	3,196,172
2024	-	-	-	2,355,145	577,630	-	-	2,932,775
2025	-	-	-	2,403,947	524,760	-	-	2,928,707
2026-2030	-	-	-	11,451,900	1,789,491	-	-	13,241,391
2031-2035	-	-	-	7,468,466	610,653	-	-	8,079,119
2036-2040	-	-	-	1,657,904	93,807	-	-	1,751,711
Total	\$ 265,457	\$ 13,645	\$ 279,102	\$ 32,070,953	\$ 5,610,725	\$ 734,543	\$ 47,105	\$ 38,463,326

Note 7 - Pension Plans

Plan Description

Police and Fire Retirement System

The Police and Fire Pension Board administers the Police and Fire Retirement System - a single-employer defined benefit pension plan that provides pensions for all permanent full-time police employees hired prior to November 1, 2014 and all permanent full-time fire employees hired prior to January 1, 2012. Benefit terms have been established by contractual agreements between the Township and the various employee union representation; amendments are subject to the same process. Management of the plan is vested in the pension board, which consists of five members - two members elected by plan members, two citizens appointed by the township board, and the township treasurer.

December 31, 2020

Note 7 - Pension Plans (Continued)

General Employees' Retirement System

The General Employees' Pension Board administers the General Employees' Retirement System - a single-employer defined benefit pension plan that provides pensions for all permanent full-time township employees hired before certain dates in 2005 and 2006, depending on their employee group. Benefit terms have been established by contractual agreements between the Township and the various employee union representation; amendments are subject to the same process. Management of the plan is vested in the pension board, which consists of five members - two members elected by plan members, two citizens appointed by the Township, and the township treasurer.

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

Benefits Provided

The pension plans provide retirement, disability, and death benefits. Benefit terms are established by township ordinances and negotiations with the Township's collective bargaining units and may be amended through negotiations with the Township's collective bargaining units. The plans are closed to new hires.

Employees Covered by Benefit Terms

At December 31, 2019, the date of the most recent actuarial valuation, the following members were covered by the benefit terms:

	Police and Fire Retirement System	General Employees' Retirement System
Inactive plan members or beneficiaries currently receiving benefits	163	180
Inactive plan members entitled to but not yet receiving benefits	1	32
Active plan members	72	60
 Total employees covered by the plan	 236	 272

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, 2020, the active member contribution rate was 5.0 percent of annual pay for both plans. The Township's contribution rate was 50.2 and 24.9 percent of annual payroll for the Police and Fire Retirement System and the General Employees' Retirement System, respectively.

December 31, 2020

Note 7 - Pension Plans (Continued)

Net Pension Liability

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

	Police and Fire Retirement System	General Employees' Retirement System
Measurement date used for the Township's net pension liability	December 31, 2020	December 31, 2020
Based on a comprehensive actuarial valuation as of	December 31, 2019	December 31, 2019

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

Police and Fire Retirement System

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at January 1, 2020	\$ 113,830,744	\$ 100,321,017	\$ 13,509,727
Changes for the year:			
Service cost	1,395,081	-	1,395,081
Interest	7,472,390	-	7,472,390
Differences between expected and actual experience	725,271	-	725,271
Contributions - Employer	-	3,328,794	(3,328,794)
Contributions - Employee	-	375,095	(375,095)
Net investment income	-	12,767,216	(12,767,216)
Benefit payments, including refunds	(7,652,406)	(7,652,406)	-
Administrative expenses	-	(43,891)	43,891
Net changes	1,940,336	8,774,808	(6,834,472)
Balance at December 31, 2020	\$ 115,771,080	\$ 109,095,825	\$ 6,675,255

The plan's fiduciary net position represents 94.23 percent of the total pension liability.

December 31, 2020

Note 7 - Pension Plans (Continued)

General Employees' Retirement System

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at January 1, 2020	\$ 66,761,240	\$ 66,889,126	\$ (127,886)
Changes for the year:			
Service cost	525,397	-	525,397
Interest	4,375,858	-	4,375,858
Differences between expected and actual experience	165,836	-	165,836
Contributions - Employer	-	984,672	(984,672)
Contributions - Employee	-	6,333	(6,333)
Net investment income	-	11,166,107	(11,166,107)
Benefit payments, including refunds	(4,392,813)	(4,392,813)	-
Administrative expenses	-	(43,905)	43,905
Net changes	674,278	7,720,394	(7,046,116)
Balance at December 31, 2020	\$ 67,435,518	\$ 74,609,520	\$ (7,174,002)

The plan's fiduciary net position represents 110.64 percent of the total pension liability.

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

For the year ended December 31, 2020, the Township recognized a pension cost recovery of \$1,882,330 from all plans.

At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police and Fire Retirement System		General Employees' Retirement System	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 408,382	\$ -	\$ 60,946	\$ -
Net difference between projected and actual earnings on pension plan investments	-	8,967,639	-	7,905,659
Total	\$ 408,382	\$ 8,967,639	\$ 60,946	\$ 7,905,659

December 31, 2020

Note 7 - Pension Plans (Continued)

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

Years Ending December 31	Police and Fire	General Employees'	Total
2021	\$ (2,368,327)	\$ (2,330,137)	\$ (4,698,464)
2022	(1,262,488)	(1,352,546)	(2,615,034)
2023	(3,702,384)	(2,808,550)	(6,510,934)
2024	(1,226,058)	(1,353,480)	(2,579,538)
Total	<u>\$ (8,559,257)</u>	<u>\$ (7,844,713)</u>	<u>\$ (16,403,970)</u>

Actuarial Assumptions

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

	Police and Fire Retirement System	General Employees' Retirement System
Inflation	2.5%	2.5%
Salary increases (including inflation)	3.6-11.4%	3.5-6.7%
Investment rate of return (net of investment expenses)	6.75%	6.75%
Mortality rates	RP-2014 Mortality Table projected to 2026 using projection scale MP-2017	RP-2014 Mortality Table projected to 2026 using projection scale MP-2017

The actuarial assumptions used in the December 31, 2019 actuarial valuation date valuation were based on the results of an actuarial experience study for the period from 2013 to 2017.

Discount Rate

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

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

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

December 31, 2020

Note 7 - Pension Plans (Continued)

Investment Rate of Return

Best estimates of geometric real rates of return as of the December 31, 2020 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Police and Fire Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	40.50 %	5.14 %
International equity	17.00	5.23
Domestic bonds	30.00	2.00
Real estate	7.50	4.34
Alternatives	5.00	7.62

General Employees' Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	49.00 %	5.64 %
U.S. government or agency fixed income	25.00	2.09
International equity	10.00	5.32
Real estate	5.00	4.43
Private equity	10.00	7.71
Cash or cash equivalents	1.00	0.09

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1 Percentage Point Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percentage Point Increase (7.75%)
Net pension liability (asset) of the Police and Fire Retirement System	\$ 19,172,160	\$ 6,675,255	\$ (3,882,013)
Net pension liability (asset) of the General Employees' Retirement System	32,790	(7,174,002)	(13,312,885)
Total	\$ 19,204,950	\$ (498,747)	\$ (17,194,898)

December 31, 2020

Note 7 - Pension Plans (Continued)

Investment Policy

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

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.06 and 17.77 percent for the Police and Fire Retirement System and the General Employees' Retirement System, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

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

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

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

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

The balances of the reserve accounts at December 31, 2020 are as follows:

Police and Fire Retirement System

	Required Reserve	Amount Funded
Retiree reserve	\$ 8,336,719	\$ 8,336,719
Employee reserve	5,934,119	5,934,119
Employer reserve	94,824,987	94,824,987
Total	\$ 109,095,825	\$ 109,095,825

General Employees' Retirement System

	Required Reserve	Amount Funded
Retiree reserve	\$ 38,924,197	\$ 38,924,197
Employee reserve	159,002	159,002
Employer reserve	35,526,321	35,526,321
Total	\$ 74,609,520	\$ 74,609,520

December 31, 2020

Note 7 - Pension Plans (Continued)

Deferred Retirement Option Program (DROP)

Police and Fire Retirement System

All plan members (except police officer union and police supervisors) may participate in the DROP after attaining the minimum requirements for a normal service retirement. A monthly amount equal to the amount that would have been paid had the member retired and current member contributions accumulate in the DROP account. The account is credited with the system's prior calendar year's market value rate of return (but no greater than 4 percent interest) each year. Additions cease at the earlier of five years of DROP participation or separation from services, although interest on the DROP account will continue to accrue during such time. Management DROP participants may continue in covered employment after five years of participation but do not accumulate additional service credit or make member contributions. DROP service for management participants is included for purposes of eligibility for the escalator. Fire DROP participants may continue in covered employment after 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. There were six DROP members at December 31, 2019.

General Employees' Retirement System

All employees in the dispatch union are eligible to participate in the DROP. There are currently three members in this group. Effective January 1, 2008, any member of the Waterford Township Dispatchers Association hired on or before June 30, 2006 may participate in the DROP after attaining the minimum requirements for a normal service retirement. A monthly amount equal to the amount that would have been paid had the member retired and current member contributions accumulate in the DROP account. The account is credited with the system's prior calendar year's market rate of return (but no greater than 4 percent interest) each year. Additions cease at the earlier of 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 were no DROP members at December 31, 2019.

Note 8 - Other Postemployment Benefit Plan

Plan Description

The Township administers the Waterford Township Retiree Health Plan, a single-employer defined benefit plan. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions. The Township includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participant. The Township purchases Medicare supplemental insurance for retirees eligible for Medicare. Management of the plan is vested with the General Employees' Retirement System Board.

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

December 31, 2020

Note 8 - Other Postemployment Benefit Plan (Continued)

Benefits Provided

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

Employees Covered by Benefit Terms

At December 31, 2018, the date of the most recent actuarial valuation, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	291
Inactive plan members entitled to but not yet receiving benefits	33
Active plan members	<u>201</u>
	<u><u>525</u></u>
Total plan members	<u><u>525</u></u>

Contributions

It is the Township's policy to pay retiree health care costs as they become due (on a pay-as-you-go basis) and to make discretionary contributions to the retiree health care fund on an annual basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. In the current year, the Township paid postemployment health care premiums of \$6,689,934, plus it contributed \$4,871,818 into a prefunded retiree health care fund, which is reported in these financial statements as an other postemployment benefit trust fund type.

Net OPEB Liability

The Township has chosen to use the December 31 measurement date as its measurement date for the net OPEB liability. The December 31, 2020 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the December 31, 2020 measurement date. The December 31, 2020 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2018, which used update procedures to roll forward the estimated liability to December 31, 2020.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at January 1, 2020	\$ 155,197,432	\$ 22,152,960	\$ 133,044,472
Changes for the year:			
Service cost	2,241,557	-	2,241,557
Interest	9,943,261	-	9,943,261
Contributions - Employer	-	11,561,752	(11,561,752)
Contributions - Employee	-	53,019	(53,019)
Net investment income	-	3,523,484	(3,523,484)
Benefit payments, including refunds	(6,689,934)	(6,689,934)	-
Administrative expenses	-	(4,098)	4,098
Net changes	5,494,884	8,444,223	(2,949,339)
Balance at December 31, 2020	\$ 160,692,316	\$ 30,597,183	\$ 130,095,133

The plan's fiduciary net position represents 19.04 percent of the total OPEB liability.

December 31, 2020

Note 8 - Other Postemployment Benefit Plan (Continued)

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

For the year ended December 31, 2020, the Township recognized OPEB expense of \$4,393,443.

At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (9,810,877)
Changes in assumptions	1,237,569	-
Net difference between projected and actual earnings on OPEB plan investments	-	(2,341,614)
Total	\$ 1,237,569	\$ (12,152,491)

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

Years Ending December 31	Amount
2021	\$ (6,142,587)
2022	(3,486,203)
2023	(901,408)
2024	(384,724)
Total	\$ (10,914,922)

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using an inflation assumption of 2.5 percent; assumed salary increases (including inflation) of 3.50 to 11.42 percent; an investment rate of return (net of investment expenses) of 6.5 percent; a health care cost trend rate of 8.25 percent for 2019, decreasing to an ultimate rate of 3.5 percent for 2033 and later years; and the RP-2014 Combined Healthy Mortality Table projected to 2026 using project scale MP-2017. These assumptions were applied to all periods included in the measurement.

Discount Rate

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

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

December 31, 2020

Note 8 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of geometric real rates of return as of the December 31, 2020 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
U.S. large cap	4.90 %
U.S. mid cap	5.40
U.S. small cap	5.40
International developed equity	7.48
International emerging market equity	8.42
Public real estate investment trust fund	6.59
Hedge funds - Diversified	5.71
Intermediate-term taxable	4.25

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

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

	1 Percentage Point Decrease (5.5%)	Current Discount Rate (6.5%)	1 Percentage Point Increase (7.5%)
Net OPEB liability	\$ 149,663,324	\$ 130,095,133	\$ 112,915,983

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

The following presents the net OPEB liability of the Township, calculated using the health care cost trend rate of 8.25 percent for 2019, decreasing 0.5 or 0.25 percent per year to an ultimate rate of 3.5 percent for 2033 and later years, as well as what the Township's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (7.25% Decreasing to 2.5%)	Current Health Care Cost Trend Rate (8.25% Decreasing to 3.5%)	1 Percentage Point Increase (9.25% Decreasing to 4.5%)
Net OPEB liability	\$ 109,452,417	\$ 130,095,133	\$ 155,370,791

December 31, 2020

Note 8 - Other Postemployment Benefit Plan (Continued)

Investment Policy

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the OPEB board by a majority vote of its members. It is the policy of the OPEB board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the OPEB board's adopted asset allocation policy as of December 31, 2020:

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

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 14.89 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 9 - Pension and Other Employee Benefit Trust Funds

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

	Police and Fire Retirement System	General Employees' Retirement System	Other Postemployment Benefits
Statement of Net Position			
Investments	\$ 109,007,810	\$ 75,525,120	\$ 30,597,183
Other assets	568,923	353,099	-
Liabilities	480,908	1,268,699	-
Net position	\$ 109,095,825	\$ 74,609,520	\$ 30,597,183
Statement of Changes in Net Position			
Investment income	\$ 12,767,216	\$ 11,166,107	\$ 3,523,484
Contributions - Employer	3,328,794	984,672	11,561,752
Contributions - Employee	375,095	6,333	53,019
Benefit payments	7,652,406	4,392,813	6,689,934
Other deductions	43,891	43,905	4,098
Net change in net position	\$ 8,774,808	\$ 7,720,394	\$ 8,444,223

December 31, 2020**Note 10 - Defined Contribution Pension Plan**

The Township provides pension benefits to full-time employees hired after various dates, depending on the employee group, through Waterford Township Defined Contribution plan administered by ICMA. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by various collective bargaining agreements, the Township contributes a certain percentage of employees' gross earnings and employee contributions. Employer contribution rates and vesting schedules vary based on employee group. In accordance with these agreements, the Township contributed \$1,624,432 during the current year.

Note 11 - Risk Management

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

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

The Township is a defendant in certain lawsuits and claims that have resulted from the ordinary course of its activities. The ultimate effect on the financial statements of the resolution of these matters, in the opinion of management, is not expected to be material considering available insurance coverage, legal defenses, and reserves.

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

	General Liability		Workers' Compensation	
	2020	2019	2020	2019
Estimated liability - Beginning of year	\$ 138,790	\$ 215,422	\$ 673,177	\$ 594,771
Estimated claims incurred, including changes in estimates	72,652	(38,916)	363,153	559,645
Claim payments	(78,037)	(37,716)	(354,575)	(481,239)
Estimated liability - End of year	<u>\$ 133,405</u>	<u>\$ 138,790</u>	<u>\$ 681,755</u>	<u>\$ 673,177</u>

Note 12 - Conduit Debt Obligations

In October 2016, the Economic Development Corporation (EDC) secured financing for an unrelated entity in the amount of \$34,935,000. Typically, these borrowings are repayable only from the borrower's repayment of loans, undisbursed proceeds, and related interest earnings, and the Township has no obligation for this debt. Therefore, the conduit debt obligations are not recorded as liabilities of the Township. The total outstanding bonds as of December 31, 2020 were \$33,775,000.

Required Supplemental Information

Charter Township of Waterford

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 8,397,318	\$ 8,397,318	\$ 8,422,698	\$ 25,380
Intergovernmental	6,817,411	7,002,935	8,793,973	1,791,038
Charges for services	1,010,486	1,046,236	1,080,306	34,070
Fines and forfeitures	1,249,500	1,016,000	950,859	(65,141)
Licenses and permits	693,100	523,135	591,373	68,238
Investment income	659,564	659,564	678,568	19,004
Other revenue:				
Other miscellaneous income	62,930	117,930	124,085	6,155
Cable franchise fees	1,110,922	1,110,922	978,125	(132,797)
Refunds and reimbursements	271,000	816,112	689,222	(126,890)
Total revenue	20,272,231	20,690,152	22,309,209	1,619,057
Expenditures				
Current services:				
General government:				
Township board	55,636	55,636	54,541	1,095
Supervisor and assessing	941,012	995,261	953,491	41,770
Elections	273,149	482,229	431,292	50,937
Personnel	250,839	261,289	244,170	17,119
Information service	469,029	497,190	478,532	18,658
Treasurer	692,900	769,588	766,735	2,853
General service	1,850,566	1,975,816	1,904,997	70,819
Clerk	718,702	783,123	756,754	26,369
Retiree benefits	1,055,598	889,395	865,800	23,595
Facilities and operations	108,555	108,555	108,555	-
District court	2,792,774	2,853,499	2,557,720	295,779
Public safety:				
Police	46,699	46,699	11,105	35,594
Building inspection	1,342,811	1,410,770	1,172,795	237,975
Planning department	1,477,048	1,560,746	1,402,939	157,807
Capital outlay	165,126	222,611	199,212	23,399
Debt service	133,769	133,769	133,760	9
Total expenditures	12,374,213	13,046,176	12,042,398	1,003,778
Excess of Revenue Over Expenditures	7,898,018	7,643,976	10,266,811	2,622,835
Other Financing (Uses) Sources				
Transfers out	(7,860,856)	(7,552,862)	(7,343,800)	209,062
Sale of capital assets	3,000	3,000	4,627	1,627
Total other financing uses	(7,857,856)	(7,549,862)	(7,339,173)	210,689
Net Change in Fund Balance	40,162	94,114	2,927,638	2,833,524
Fund Balance - Beginning of year	10,821,007	10,821,007	10,821,007	-
Fund Balance - End of year	\$ 10,861,169	\$ 10,915,121	\$ 13,748,645	\$ 2,833,524

See notes to required supplemental information.

Charter Township of Waterford

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

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 6,452,777	\$ 6,467,777	\$ 6,514,315	\$ 46,538
Intergovernmental	45,500	1,020,915	615,593	(405,322)
Charges for services	23,500	23,500	31,389	7,889
Fines and forfeitures	79,550	79,550	59,531	(20,019)
Licenses and permits	37,500	37,500	39,602	2,102
Investment income	102,338	102,338	109,429	7,091
Other revenue	412,750	412,750	369,031	(43,719)
Total revenue	7,153,915	8,144,330	7,738,890	(405,440)
Expenditures				
Current services - Public safety	14,718,644	14,896,049	14,441,248	454,801
Capital outlay	371,000	262,120	194,666	67,454
Total expenditures	15,089,644	15,158,169	14,635,914	522,255
Excess of Expenditures Over Revenue	(7,935,729)	(7,013,839)	(6,897,024)	116,815
Other Financing Sources - Transfers in	7,813,780	6,613,780	6,625,481	11,701
Net Change in Fund Balance	(121,949)	(400,059)	(271,543)	128,516
Fund Balance - Beginning of year	3,839,655	3,839,655	3,839,655	-
Fund Balance - End of year	\$ 3,717,706	\$ 3,439,596	\$ 3,568,112	\$ 128,516

Charter Township of Waterford

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

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 5,648,799	\$ 5,648,799	\$ 5,705,082	\$ 56,283
Intergovernmental	21,500	1,806,592	1,062,670	(743,922)
Charges for services	10,144,646	9,824,646	9,731,932	(92,714)
Investment income	99,641	99,641	113,441	13,800
Other revenue	92,500	92,500	55,773	(36,727)
Total revenue	16,007,086	17,472,178	16,668,898	(803,280)
Expenditures				
Current services - Public safety	19,419,032	20,146,826	19,243,208	903,618
Capital outlay	1,050,620	675,630	517,088	158,542
Total expenditures	20,469,652	20,822,456	19,760,296	1,062,160
Excess of Expenditures Over Revenue	(4,462,566)	(3,350,278)	(3,091,398)	258,880
Other Financing Sources (Uses)				
Transfers in	4,885,110	4,135,110	4,135,110	-
Transfers out	(225,000)	(1,205,000)	(1,205,000)	-
Sale of capital assets	17,500	17,500	10,993	(6,507)
Total other financing sources	4,677,610	2,947,610	2,941,103	(6,507)
Net Change in Fund Balance	215,044	(402,668)	(150,295)	252,373
Fund Balance - Beginning of year	3,662,962	3,662,962	3,662,962	-
Fund Balance - End of year	\$ 3,878,006	\$ 3,260,294	\$ 3,512,667	\$ 252,373

Charter Township of Waterford

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

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 5,950,968	\$ 5,950,968	\$ 5,982,605	\$ 31,637
Investment income	50	50	31,451	31,401
Total revenue	5,951,018	5,951,018	6,014,056	63,038
Expenditures	-	-	-	-
Excess of Revenue Over Expenditures	5,951,018	5,951,018	6,014,056	63,038
Other Financing Uses - Transfers out	(5,984,390)	(5,984,390)	(5,984,390)	-
Net Change in Fund Balance	(33,372)	(33,372)	29,666	63,038
Fund Balance - Beginning of year	20,535	20,535	20,535	-
Fund Balance (Deficit) - End of year	\$ (12,837)	\$ (12,837)	\$ 50,201	\$ 63,038

Charter Township of Waterford

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

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

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

Charter Township of Waterford

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

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

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

Charter Township of Waterford

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

	Last Ten Fiscal Years Years Ended December 31									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 3,328,794	\$ 3,046,883	\$ 2,851,743	\$ 2,946,541	\$ 3,188,351	\$ 3,263,241	\$ 3,386,289	\$ 3,251,498	\$ 3,356,274	\$ 3,227,187
Contributions in relation to the actuarially determined contribution	<u>3,328,794</u>	<u>3,046,883</u>	<u>2,851,743</u>	<u>2,946,541</u>	<u>3,188,351</u>	<u>3,263,241</u>	<u>3,386,289</u>	<u>3,251,498</u>	<u>3,356,274</u>	<u>3,227,187</u>
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 5,956,794	\$ 6,075,423	\$ 6,426,594	\$ 6,344,741	\$ 6,651,574	\$ 6,794,855	\$ 7,273,279	\$ 8,800,000	\$ 8,100,000	\$ 9,000,000
Contributions as a Percentage of Covered Payroll	55.88 %	50.15 %	44.37 %	46.44 %	47.93 %	48.03 %	46.56 %	36.95 %	41.44 %	35.86 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which contributions are reported. Specifically, the fiscal year 2020 contribution was determined from the December 31, 2018 actuarial valuation.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	16 years, beginning January 1, 2020
Asset valuation method	4-year smoothed market; 20 percent corridor
Inflation	3.50 percent wage inflation, 2.50 percent price inflation
Salary increase	3.6 to 11.4 percent, including inflation
Investment rate of return	6.75 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Mortality Table, RP-2014 Disabled Retiree Annuitant Table, and RP-2014 Employee Mortality Table rates for health/disabled retirees and active members, respectively. All tables are projected to 2026 with projection scale MP-2017, with a base year of 2006.
Other information	Economic and demographic assumptions were updated in accordance with an experience review that was conducted as part of the actuarial valuation for the year ended December 31, 2017.

Charter Township of Waterford

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

Last Ten Fiscal Years

Years Ended December 31

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 984,672	\$ 761,758	\$ 674,987	\$ 989,146	\$ 1,249,587	\$ 1,555,154	\$ 1,729,217	\$ 1,922,105	\$ 2,017,208	\$ 2,011,374
Contributions in relation to the actuarially determined contribution	984,672	761,758	674,987	989,146	1,249,587	1,555,154	1,729,217	1,922,105	2,017,208	2,011,374
Contribution Deficiency	\$ -									
Covered Payroll	\$ 3,474,846	\$ 3,787,197	\$ 3,911,445	\$ 4,463,488	\$ 4,525,599	\$ 4,948,841	\$ 5,664,337	\$ 5,800,000	\$ 6,200,000	\$ 7,000,000
Contributions as a Percentage of Covered Payroll	28.34 %	20.11 %	17.26 %	22.16 %	27.61 %	31.42 %	30.53 %	33.14 %	32.54 %	28.73 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which contributions are reported. Specifically, the fiscal year 2020 contribution was determined from the December 31, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	14 years
Asset valuation method	4-year smoothed market; 25 percent corridor
Inflation	3.50 percent wage inflation, 2.50 percent price inflation
Salary increase	3.5 to 6.7 percent, including inflation
Investment rate of return	6.75 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Mortality Table, RP-2014 Disabled Retiree Annuitant Table, and 50 percent of RP-2014 Employee Mortality Table rates for health/disabled retirees and active members, respectively. All tables are projected to 2026 with projection scale MP-2017, with a base year of 2006.
Other information	Economic and demographic assumptions were updated in accordance with an experience review that was conducted as part of the actuarial valuation for the year ended December 31, 2017.

Charter Township of Waterford

Required Supplemental Information Schedule of Pension Investment Returns

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

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

Charter Township of Waterford

Required Supplemental Information

Schedule of Changes in the Net OPEB Liability and Related Ratios

	Last Four Fiscal Years*			
	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 2,241,557	\$ 2,272,870	\$ 2,740,489	\$ 2,720,492
Interest	9,943,261	10,798,395	10,348,900	9,903,055
Differences between expected and actual experience	-	(22,661,591)	-	-
Changes in assumptions	-	2,858,591	-	-
Benefit payments, including refunds	<u>(6,689,934)</u>	<u>(6,127,114)</u>	<u>(5,753,465)</u>	<u>(5,795,277)</u>
Net Change in Total OPEB Liability	5,494,884	(12,858,849)	7,335,924	6,828,270
Total OPEB Liability - Beginning of year	<u>155,197,432</u>	<u>168,056,281</u>	<u>160,720,357</u>	<u>153,892,087</u>
Total OPEB Liability - End of year	<u>\$ 160,692,316</u>	<u>\$ 155,197,432</u>	<u>\$ 168,056,281</u>	<u>\$ 160,720,357</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 11,561,752	\$ 10,583,514	\$ 7,011,665	\$ 6,646,677
Contributions - Active and inactive plan members not yet receiving benefits	53,019	53,342	54,245	54,831
Net investment income (loss)	3,523,484	3,641,920	(934,859)	1,431,730
Administrative expenses	(4,098)	(56,734)	(49,049)	(30,839)
Benefit payments, including refunds	<u>(6,689,934)</u>	<u>(6,127,114)</u>	<u>(5,753,465)</u>	<u>(5,795,277)</u>
Net Change in Plan Fiduciary Net Position	8,444,223	8,094,928	328,537	2,307,122
Plan Fiduciary Net Position - Beginning of year	<u>22,152,960</u>	<u>14,058,032</u>	<u>13,729,495</u>	<u>11,422,373</u>
Plan Fiduciary Net Position - End of year	<u>\$ 30,597,183</u>	<u>\$ 22,152,960</u>	<u>\$ 14,058,032</u>	<u>\$ 13,729,495</u>
Net OPEB Liability - Ending	<u>\$ 130,095,133</u>	<u>\$ 133,044,472</u>	<u>\$ 153,998,249</u>	<u>\$ 146,990,862</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	19.04 %	14.27 %	8.37 %	8.54 %
Covered-employee Payroll	\$ 13,359,906	\$ 13,359,906	\$ 14,194,380	\$ -
Net OPEB Liability as a Percentage of Covered-employee Payroll	973.77 %	995.85 %	1,084.92 %	- %

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

Charter Township of Waterford

Required Supplemental Information Schedule of OPEB Contributions

	Last Ten Fiscal Years Years Ended December 31									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 12,775,978	\$ 12,810,250	\$ 13,698,860	\$ 13,688,352	\$ 11,999,428	\$ 12,015,032	\$ 10,824,674	\$ 10,816,125	\$ 9,471,186	\$ 9,354,307
Contributions in relation to the actuarially determined contribution	11,561,752	10,583,514	7,011,665	6,646,677	6,542,562	5,618,905	5,493,180	4,922,028	4,927,765	5,237,185
Contribution Deficiency	\$ (1,214,226)	\$ (2,226,736)	\$ (6,687,195)	\$ (7,041,675)	\$ (5,456,866)	\$ (6,396,127)	\$ (5,331,494)	\$ (5,894,097)	\$ (4,543,421)	\$ (4,117,122)
Covered-employee Payroll	\$ 13,359,906	\$ 13,359,906	\$ 14,194,380	\$ -						
Contributions as a Percentage of Covered-employee Payroll	86.54 %	79.22 %	- %	- %	- %	- %	- %	- %	- %	- %
Notes to Schedule of Contributions										
Actuarial valuation information relative to the determination of contributions:										
Valuation date	Actuarially determined contribution rates are calculated as of December 31 of even numbered years for the one to two subsequent calendar years									
Methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry age normal									
Amortization method	Level percent of payroll for police members; Level dollar for general and fire members									
Remaining amortization period	28 years, closed									
Asset valuation method	Market value									
Inflation	2.50 percent									
Health care cost trend rates	Trend starting at 8.25 percent in 2019, grading to 3.50 percent in 2033									
Salary increase	3.50 to 6.71 percent for general members and 3.65 to 11.42 percent for police and fire members									
Investment rate of return	6.50 percent, net of OPEB plan expenses									
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition									
Mortality	Healthy pre- and postretirement: RP-2014 Employee Mortality Table projected to 2026 using projection scale MP-2017. Disabled retirement: RP-2014 Disabled Retirement Annuitant Table projected to 2026 using projection scale MP-2017									
Other information	Demographic assumptions updated with the December 31, 2018 OPEB valuation for consistency with pension assumptions for the groups									

Charter Township of Waterford

Required Supplemental Information Schedule of OPEB Investment Returns

	Last Four Fiscal Years* Years Ended December 31			
	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	14.89 %	23.80 %	(6.20)%	11.70 %

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

Charter Township of Waterford

Notes to Required Supplemental Information

December 31, 2020

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund, the Improvement Revolving Fund, and all special revenue funds, except that operating transfers and debt proceeds have been included in the revenue and expenditures categories, rather than as other financing sources (uses). All annual appropriations lapse at fiscal year end; encumbrances are not included as expenditures. During the year, the budget was amended in a legally permissible manner.

The Township follows the following procedures in establishing the budgetary data reflected in the financial statements:

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

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

	Total Revenue	Total Expenditures	Total Other Financing Uses
General Fund amounts per operating statement	\$ 22,344,918	\$ 12,042,398	\$ (7,199,173)
Cemetery Care Fund	(15,442)	-	(80,000)
Workers' Compensation Fund	(20,267)	-	(60,000)
Amounts per budget statement	<u>\$ 22,309,209</u>	<u>\$ 12,042,398</u>	<u>\$ (7,339,173)</u>

Excess of Expenditures Over Appropriations in Budgeted Funds

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

	Budget	Actual	Variance
Police Restricted Use Fund - Public safety	\$ 216,104	\$ 296,023	\$ (79,919)

Noncompliance

The original and amended budgets of the Police and Fire Special Assessment District Fund projected the fund to end the year with negative fund balance, which is a violation of Public Act 2 of 1968.

Pension Information

Changes in Assumptions

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

OPEB Information

Changes in Assumptions

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

Other Supplemental Information

Special Revenue Funds

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

Community Development Block Grant Fund

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

Library Fund

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

Library Donations Fund

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

Police Restricted Use Fund

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

Nature Center Fund

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

Cable Commission Fund

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

Parks and Recreation Fund

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

Michigan Indigent Defense Fund

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

Capital Project Funds

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

Improvement Revolving Fund

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

Capital Project Allocation Fund

This fund accounts for the prefunding for future identified capital project needs. Funding is provided from the General Fund, Fire Fund, and Parks and Recreation Fund.

Charter Township of Waterford

Special Revenue Funds						
	Community Development Block Grant	Library	Library Donations	Police Restricted Use	Nature Center	
Assets						
Cash and investments	\$ 563,521	\$ 2,705,380	\$ 22,593	\$ 919,663	\$ 573,667	
Receivables:						
Property taxes receivable	-	890,605	-	20,125	-	
Special assessments receivable	-	-	-	-	-	
Due from other governments	120,627	8,517	-	-	-	
Rehabilitation loan receivable	1,161,092	-	-	-	-	
Prepaid items	-	-	-	-	-	
Total assets	\$ 1,845,240	\$ 3,604,502	\$ 22,593	\$ 939,788	\$ 573,667	
Liabilities						
Accounts payable	\$ 17,820	\$ 21,951	\$ 407	\$ 1,189	\$ -	
Refundable deposits, bonds, etc.	-	-	-	-	-	
Accrued liabilities and other	13,759	33,646	-	-	-	
Unearned revenue	-	-	-	-	-	
Total liabilities	31,579	55,597	407	1,189	-	
Deferred Inflows of Resources						
Unavailable revenue	1,161,092	-	-	14,125	-	
Property taxes levied for the following year	-	2,035,166	-	-	-	
Total deferred inflows of resources	1,161,092	2,035,166	-	14,125	-	
Total liabilities and deferred inflows of resources	1,192,671	2,090,763	407	15,314	-	
Fund Balances						
Nonspendable	-	-	-	-	-	
Restricted:						
Police	-	-	-	924,474	-	
Community development	452,569	-	-	-	-	
Library	-	1,513,739	22,186	-	-	
Nature center	-	-	-	-	573,667	
Michigan indigent defense	-	-	-	-	-	
Committed:						
Capital projects - Police	-	-	-	-	-	
Capital projects - General	-	-	-	-	-	
Capital projects - Fire	-	-	-	-	-	
Capital projects - Parks and recreation	-	-	-	-	-	
Assigned:						
Cable-related projects	-	-	-	-	-	
Community development	200,000	-	-	-	-	
Capital projects - Improvement revolving fund	-	-	-	-	-	
Parks and recreation	-	-	-	-	-	
Total fund balances	652,569	1,513,739	22,186	924,474	573,667	
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,845,240	\$ 3,604,502	\$ 22,593	\$ 939,788	\$ 573,667	

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2020

Special Revenue Funds			Capital Project Funds			
Cable Commission	Parks and Recreation	Michigan Indigent Defense	Improvement Revolving	Capital Project Allocation	Total	
\$ 810,910	\$ 1,911,405	\$ 193,713	\$ 4,776,315	\$ 4,752,844	\$ 17,230,011	
-	488,277	-	-	-	1,399,007	
-	-	-	36,858	-	36,858	
-	4,670	-	-	-	133,814	
-	-	-	-	-	1,161,092	
-	-	-	-	986,842	986,842	
\$ 810,910	\$ 2,404,352	\$ 193,713	\$ 4,813,173	\$ 5,739,686	\$ 20,947,624	
\$ 868	\$ 4,552	\$ 2,590	\$ -	\$ 5,946	\$ 55,323	
-	2,573	-	92,531	-	95,104	
2,460	62,339	-	20,435	-	132,639	
-	-	124,034	-	-	124,034	
3,328	69,464	126,624	112,966	5,946	407,100	
-	-	-	37,579	-	1,212,796	
-	1,115,786	-	-	-	3,150,952	
-	1,115,786	-	37,579	-	4,363,748	
3,328	1,185,250	126,624	150,545	5,946	4,770,848	
-	-	-	-	986,842	986,842	
-	-	-	-	-	924,474	
-	-	-	-	-	452,569	
-	-	-	-	-	1,535,925	
-	-	-	-	-	573,667	
-	-	67,089	-	-	67,089	
-	-	-	-	1,403,161	1,403,161	
-	-	-	-	590,259	590,259	
-	-	-	-	2,515,325	2,515,325	
-	-	-	-	238,153	238,153	
807,582	-	-	-	-	807,582	
-	-	-	-	-	200,000	
-	-	-	4,662,628	-	4,662,628	
-	1,219,102	-	-	-	1,219,102	
807,582	1,219,102	67,089	4,662,628	5,733,740	16,176,776	
\$ 810,910	\$ 2,404,352	\$ 193,713	\$ 4,813,173	\$ 5,739,686	\$ 20,947,624	

Charter Township of Waterford

	Special Revenue Funds				
	Community Development Block Grant	Library	Library Donations	Police Restricted Use	Nature Center
	\$		\$	\$	\$
Revenue					
Property taxes	\$ -	\$ 1,971,226	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental:					
Federal grants	591,082	-	-	47,721	-
State sources	-	66,655	-	56,646	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	134,265	-	-	-
Licenses and permits	-	-	-	-	-
Investment income	-	30,055	-	11,293	6,567
Other revenue:					
Local contributions	-	-	27,820	100	-
Other miscellaneous income	-	1,550	-	12,310	-
Cable franchise fees	-	-	-	-	-
Total revenue	591,082	2,203,751	27,820	128,070	6,567
Expenditures					
Current services:					
General government	-	-	-	-	-
Public safety	-	-	-	296,023	-
Public works	-	-	-	-	-
Community and economic development	569,949	-	-	-	-
Recreation and culture	-	2,070,518	11,690	-	-
Capital outlay	-	86,667	22,943	-	-
Total expenditures	569,949	2,157,185	34,633	296,023	-
Excess of Revenue Over (Under) Expenditures	21,133	46,566	(6,813)	(167,953)	6,567
Other Financing Sources (Uses)					
Transfers in	-	155,000	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources	-	155,000	-	-	-
Net Change in Fund Balances	21,133	201,566	(6,813)	(167,953)	6,567
Fund Balances - Beginning of year, as restated	631,436	1,312,173	28,999	1,092,427	567,100
Fund Balances - End of year	\$ 652,569	\$ 1,513,739	\$ 22,186	\$ 924,474	\$ 573,667

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

Year Ended December 31, 2020

Cable Commission	Special Revenue Funds		Capital Project Funds			Total
	Parks and Recreation	Michigan Indigent Defense	Improvement Revolving	Capital Project Allocation		
\$	\$ 1,080,743	\$ -	\$ -	\$ 17,157	\$ -	\$ 3,051,969
-	-	-	-	-	-	17,157
-	-	-	-	-	-	638,803
-	4,670	140,884	-	-	-	268,855
260,146	141,336	-	-	-	-	401,482
-	-	-	-	-	-	134,265
-	-	-	33,655	-	-	33,655
9,616	22,713	2,108	52,979	42,904	-	178,235
-	-	-	-	-	-	27,920
-	13,271	-	-	-	-	27,131
120,892	-	-	-	-	-	120,892
390,654	1,262,733	142,992	103,791	42,904	4,900,364	
335,862	-	140,624	-	-	-	476,486
-	-	-	-	-	-	296,023
-	-	-	116,028	-	-	116,028
-	-	-	-	-	-	569,949
-	1,408,934	-	-	-	-	3,491,142
891	5,814	260	490,680	603,760	-	1,211,015
336,753	1,414,748	140,884	606,708	603,760	6,160,643	
53,901	(152,015)	2,108	(502,917)	(560,856)	(1,260,279)	
-	285,000	31,800	1,150,000	2,075,000	3,696,800	
-	(45,000)	-	-	-	(45,000)	
-	240,000	31,800	1,150,000	2,075,000	3,651,800	
53,901	87,985	33,908	647,083	1,514,144	2,391,521	
753,681	1,131,117	33,181	4,015,545	4,219,596	13,785,255	
\$ 807,582	\$ 1,219,102	\$ 67,089	\$ 4,662,628	\$ 5,733,740	\$ 16,176,776	

Charter Township of Waterford

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

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Intergovernmental	\$ 608,500	\$ 608,500	\$ 591,082	\$ (17,418)
Expenditures - Current services - Community and economic development	587,000	587,000	569,949	17,051
Net Change in Fund Balance	21,500	21,500	21,133	(367)
Fund Balance - Beginning of year	631,436	631,436	631,436	-
Fund Balance - End of year	\$ 652,936	\$ 652,936	\$ 652,569	\$ (367)

Charter Township of Waterford

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

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,950,003	\$ 1,950,003	\$ 1,971,226	\$ 21,223
Intergovernmental	65,000	65,000	66,655	1,655
Fines and forfeitures	177,356	177,356	134,265	(43,091)
Investment income	27,099	27,099	30,055	2,956
Other revenue	3,500	3,500	1,550	(1,950)
Total revenue	2,222,958	2,222,958	2,203,751	(19,207)
Expenditures				
Current services - Recreation and culture -				
Library	2,187,009	2,395,596	2,070,518	325,078
Capital outlay	237,150	162,150	86,667	75,483
Total expenditures	2,424,159	2,557,746	2,157,185	400,561
Excess of Revenue (Under) Over Expenditures				
	(201,201)	(334,788)	46,566	381,354
Other Financing Sources - Transfers in				
	-	155,000	155,000	-
Net Change in Fund Balance				
	(201,201)	(179,788)	201,566	381,354
Fund Balance - Beginning of year	1,312,173	1,312,173	1,312,173	-
Fund Balance - End of year	\$ 1,110,972	\$ 1,132,385	\$ 1,513,739	\$ 381,354

Charter Township of Waterford

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

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Other revenue - Local donations	\$ 20,000	\$ 20,000	\$ 27,820	\$ 7,820
Expenditures				
Current services - Recreation and culture -				
Library	20,300	20,300	11,690	8,610
Capital outlay	<u>15,600</u>	<u>25,150</u>	<u>22,943</u>	<u>2,207</u>
Total expenditures	<u>35,900</u>	<u>45,450</u>	<u>34,633</u>	<u>10,817</u>
Net Change in Fund Balance	(15,900)	(25,450)	(6,813)	18,637
Fund Balance - Beginning of year	<u>28,999</u>	<u>28,999</u>	<u>28,999</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 13,099</u>	<u>\$ 3,549</u>	<u>\$ 22,186</u>	<u>\$ 18,637</u>

Charter Township of Waterford

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

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 104,367	\$ 69,367
Investment income	11,450	11,450	11,293	(157)
Other revenue	<u>23,000</u>	<u>23,000</u>	<u>12,410</u>	<u>(10,590)</u>
Total revenue	69,450	69,450	128,070	58,620
Expenditures - Current - Public safety	<u>216,104</u>	<u>216,104</u>	<u>296,023</u>	<u>(79,919)</u>
Net Change in Fund Balance	(146,654)	(146,654)	(167,953)	(21,299)
Fund Balance - Beginning of year	<u>1,092,427</u>	<u>1,092,427</u>	<u>1,092,427</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 945,773</u>	<u>\$ 945,773</u>	<u>\$ 924,474</u>	<u>\$ (21,299)</u>

Charter Township of Waterford

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

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 750	\$ 750	\$ 6,567	\$ 5,817
Expenditures	-	-	-	-
Net Change in Fund Balance	750	750	6,567	5,817
Fund Balance - Beginning of year	567,100	567,100	567,100	-
Fund Balance - End of year	\$ 567,850	\$ 567,850	\$ 573,667	\$ 5,817

Charter Township of Waterford

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

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ 264,709	\$ 264,709	\$ 260,146	\$ (4,563)
Investment income	8,312	8,312	9,616	1,304
Other revenue	<u>122,201</u>	<u>122,201</u>	<u>120,892</u>	<u>(1,309)</u>
Total revenue	395,222	395,222	390,654	(4,568)
Expenditures				
Current services - General government	403,426	403,426	335,862	67,564
Capital outlay	17,650	17,650	891	16,759
Total expenditures	<u>421,076</u>	<u>421,076</u>	<u>336,753</u>	<u>84,323</u>
Net Change in Fund Balance	(25,854)	(25,854)	53,901	79,755
Fund Balance - Beginning of year	<u>753,681</u>	<u>753,681</u>	<u>753,681</u>	-
Fund Balance - End of year	<u>\$ 727,827</u>	<u>\$ 727,827</u>	<u>\$ 807,582</u>	<u>\$ 79,755</u>

Charter Township of Waterford

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

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,075,173	\$ 1,075,173	\$ 1,080,743	\$ 5,570
Intergovernmental	29,100	29,100	4,670	(24,430)
Charges for services	643,491	643,491	141,336	(502,155)
Investment income	22,802	22,802	22,713	(89)
Other revenue	12,500	12,500	13,271	771
 Total revenue	 1,783,066	 1,783,066	 1,262,733	 (520,333)
Expenditures				
Current services - Recreation and culture	1,855,158	1,998,843	1,408,934	589,909
Capital outlay	153,819	142,319	5,814	136,505
 Total expenditures	 2,008,977	 2,141,162	 1,414,748	 726,414
Excess of Expenditures Over Revenue	 (225,911)	 (358,096)	 (152,015)	 206,081
Other Financing Sources (Uses)				
Transfers in	200,000	285,000	285,000	-
Transfers out	(45,000)	(45,000)	(45,000)	-
Sale of capital assets	350	350	-	(350)
 Total other financing sources	 155,350	 240,350	 240,000	 (350)
Net Change in Fund Balance	 (70,561)	 (117,746)	 87,985	 205,731
Fund Balance - Beginning of year	 1,131,117	 1,131,117	 1,131,117	 -
Fund Balance - End of year	 \$ 1,060,556	 \$ 1,013,371	 \$ 1,219,102	 \$ 205,731

Charter Township of Waterford

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

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental Investment income	\$ 196,503 916	\$ 319,871 916	\$ 140,884 2,108	\$ (178,987) 1,192
Total revenue	197,419	320,787	142,992	(177,795)
Expenditures				
Current services - General government	203,600	320,634	140,624	180,010
Capital outlay	16,245	260	260	-
Total expenditures	219,845	320,894	140,884	180,010
Excess of Revenue (Under) Over Expenditures	(22,426)	(107)	2,108	2,215
Other Financing Sources - Transfers in	23,342	23,342	31,800	8,458
Net Change in Fund Balance	916	23,235	33,908	10,673
Fund Balance - Beginning of year	33,181	33,181	33,181	-
Fund Balance - End of year	\$ 34,097	\$ 56,416	\$ 67,089	\$ 10,673

Charter Township of Waterford

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

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Special assessments	\$ 5,000	\$ 5,000	\$ 17,157	\$ 12,157
Intergovernmental	45,000	45,000	-	(45,000)
Licenses and permits	28,500	28,500	33,655	5,155
Investment income	41,870	41,870	52,979	11,109
Other revenue	10,000	10,000	-	(10,000)
Total revenue	130,370	130,370	103,791	(26,579)
Expenditures				
Current services - General government	143,750	254,417	116,028	138,389
Capital outlay	950,000	1,294,636	490,680	803,956
Total expenditures	1,093,750	1,549,053	606,708	942,345
Excess of Expenditures Over Revenue	(963,380)	(1,418,683)	(502,917)	915,766
Other Financing Sources - Transfers in	600,000	1,150,000	1,150,000	-
Net Change in Fund Balance	(363,380)	(268,683)	647,083	915,766
Fund Balance - Beginning of year	4,015,545	4,015,545	4,015,545	-
Fund Balance - End of year	\$ 3,652,165	\$ 3,746,862	\$ 4,662,628	\$ 915,766

Charter Township of Waterford

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

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 14,211	\$ 14,211	\$ 42,904	\$ 28,693
Expenditures - Capital outlay	- <hr/>	608,250 <hr/>	603,760 <hr/>	4,490 <hr/>
Excess of Revenue Over (Under) Expenditures	14,211	(594,039)	(560,856)	33,183
Other Financing Sources - Transfers in	320,001	2,045,001	2,075,000	29,999
Net Change in Fund Balance	334,212	1,450,962	1,514,144	63,182
Fund Balance - Beginning of year	4,219,596	4,219,596	4,219,596	-
Fund Balance - End of year	\$ 4,553,808	\$ 5,670,558	\$ 5,733,740	\$ 63,182

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.

Charter Township of Waterford

Other Supplemental Information Combining Statement of Net Position Internal Service Funds

December 31, 2020

	Motor Pool Fund	Fire Unemployment Costs	Total
Assets			
Current assets:			
Cash and investments	\$ 196,462	\$ 257,702	\$ 454,164
Receivables - Other	6,756	-	6,756
Inventory	68,689	-	68,689
	<hr/>	<hr/>	<hr/>
Total current assets	271,907	257,702	529,609
Noncurrent assets - Capital assets - Assets subject to depreciation - Net	<hr/>	<hr/>	<hr/>
	464,410	-	464,410
	<hr/>	<hr/>	<hr/>
Total assets	736,317	257,702	994,019
Liabilities			
Current liabilities - Accounts payable	17,622	5,900	23,522
Noncurrent liabilities - Accrued unemployment	<hr/>	251,802	251,802
	<hr/>	<hr/>	<hr/>
Total liabilities	17,622	257,702	275,324
Net Position			
Net investment in capital assets	464,410	-	464,410
Unrestricted	<hr/>	<hr/>	<hr/>
	254,285	-	254,285
	<hr/>	<hr/>	<hr/>
Total net position	\$ 718,695	\$ -	\$ 718,695

Charter Township of Waterford

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

Year Ended December 31, 2020

	Motor Pool Fund	Fire Unemployment Costs	Total
Operating Revenue - Charges for services	\$ 36,707	\$ -	\$ 36,707
Operating Expenses			
Unemployment cost	-	336	336
Depreciation	139,213	-	139,213
Total operating expenses	139,213	336	139,549
Operating Loss	(102,506)	(336)	(102,842)
Nonoperating Revenue (Expense)			
Investment income	3,360	336	3,696
Interest expense	(1,391)	-	(1,391)
Gain (loss) on sale of assets	(17,156)	-	(17,156)
Total nonoperating (expense) revenue	(15,187)	336	(14,851)
Change in Net Position	(117,693)	-	(117,693)
Net Position - Beginning of year	836,388	-	836,388
Net Position - End of year	\$ 718,695	\$ -	\$ 718,695

Charter Township of Waterford

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds

Year Ended December 31, 2020

	Motor Pool Fund	Fire Unemployment Costs	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 36,707	\$ -	\$ 36,707
Claims paid	-	(11,733)	(11,733)
Other receipts	23,077	-	23,077
Net cash and cash equivalents provided by (used in) operating activities	59,784	(11,733)	48,051
Cash Flows Used in Financing Activities - Principal and interest paid on capital debt			
	(181,205)	-	(181,205)
Cash Flows Provided by Investing Activities - Interest received on investments			
	3,360	336	3,696
Net Decrease in Cash and Cash Equivalents	(118,061)	(11,397)	(129,458)
Cash and Cash Equivalents - Beginning of year	314,523	269,099	583,622
Cash and Cash Equivalents - End of year	\$ 196,462	\$ 257,702	\$ 454,164
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (102,506)	\$ (336)	\$ (102,842)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	139,213	-	139,213
Changes in assets and liabilities:			
Inventories	9,197	-	9,197
Accounts payable	13,880	-	13,880
Estimated claims liability	-	(11,397)	(11,397)
Net cash and cash equivalents provided by operating activities	\$ 59,784	\$ (11,733)	\$ 48,051

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

Custodial Funds

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

Pension and Other Postemployment Trust Funds

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

Charter Township of Waterford

Other Supplemental Information Combining Statement of Fiduciary Net Position Fiduciary Funds

December 31, 2020

	Pension and Other Employee Benefit Trust Funds					Custodial Funds			
	Police and Fire Pension	General Employees' Pension	Other Postemployment Benefit Trust	Total	Tax Collections	District Court		Weed Control	Total
Assets									
Cash and cash equivalents	\$ 78,561	\$ 157,854	\$ 5,897,418	\$ 6,133,833	\$ 2,246,926	\$ 78,591	\$ 528,698	\$ 2,854,215	
Investments:									
Fixed-income funds	-	16,501,200	2,611,685	19,112,885	-	-	-	-	-
Publicly traded partnerships	19,776,095	1,982,254	397,443	22,155,792	-	-	-	-	-
Stocks	37,040,417	42,295,387	21,690,637	101,026,441	-	-	-	-	-
Mutual funds	42,800,384	7,823,913	-	50,624,297	-	-	-	-	-
Real estate investment funds	6,035,597	3,605,193	-	9,640,790	-	-	-	-	-
Pension manager short-term funds	3,276,756	2,227,398	-	5,504,154	-	-	-	-	-
Securities lending short-term collateral bank investment pool -									
Mutual funds	-	931,921	-	931,921	-	-	-	-	-
Receivables - Special assessments	-	-	-	-	-	-	-	116,430	116,430
Prepaid items	568,923	353,099	-	922,022	-	-	-	-	-
Total assets	109,576,733	75,878,219	30,597,183	216,052,135	2,246,926	78,591	645,128	2,970,645	
Liabilities									
Accounts payable	480,908	22,194	-	503,102	-	-	14,332	14,332	
Due to other governmental units	-	-	-	-	2,108,594	-	-	-	2,108,594
Accrued liabilities and other	-	292,439	-	292,439	138,332	78,591	-	-	216,923
Obligations under securities lending agreements	-	954,066	-	954,066	-	-	-	-	-
Total liabilities	480,908	1,268,699	-	1,749,607	2,246,926	78,591	14,332	2,339,849	
Deferred Inflows of Resources - Special assessments levied for the following year	-	-	-	-	-	-	-	281,467	281,467
Total liabilities and deferred inflows of resources	480,908	1,268,699	-	1,749,607	2,246,926	78,591	295,799	2,621,316	
Net Position									
Restricted:									
Pension	109,095,825	74,609,520	-	183,705,345	-	-	-	-	-
Postemployment benefits other than pension	-	-	30,597,183	30,597,183	-	-	-	-	-
Individuals, organizations, and other governments	-	-	-	-	-	-	349,329	349,329	
Total net position	\$ 109,095,825	\$ 74,609,520	\$ 30,597,183	\$ 214,302,528	\$ -	\$ -	\$ 349,329	\$ 349,329	\$ 349,329

Charter Township of Waterford

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

Year Ended December 31, 2020

	Pension and Other Employee Benefit Trust Funds					Custodial Funds			
	Police and Fire Pension	General Employees' Pension	Other Postemployment Benefit Trust	Total	Tax Collections	District Court	Weed Control	Total	
Additions									
Investment income (loss):									
Interest and dividends	\$ 2,024,121	\$ 658,965	\$ 967,538	\$ 3,650,624	-	\$ -	\$ -	\$ -	
Net decrease in fair value of investments	11,173,523	10,810,385	2,656,980	24,640,888	-	-	-	-	
Investment costs	(430,428)	(303,243)	(101,034)	(834,705)	-	-	-	-	
Net investment income	12,767,216	11,166,107	3,523,484	27,456,807	-	-	-	-	
Contributions:									
Employer contributions	3,328,794	984,672	11,561,752	15,875,218	-	-	-	-	
Employee contributions	375,095	6,333	53,019	434,447	-	-	-	-	
Total contributions	3,703,889	991,005	11,614,771	16,309,665	-	-	-	-	
Property tax collections	-	-	-	-	61,409,711	-	-	61,409,711	
Special assessments	-	-	-	-	-	-	313,459	313,459	
District court receipts	-	-	-	-	-	432,189	-	432,189	
Total additions	16,471,105	12,157,112	15,138,255	43,766,472	61,409,711	432,189	313,459	62,155,359	
Deductions									
Benefit payments	7,652,406	4,392,813	6,689,934	18,735,153	-	-	-	-	
Administrative expenses	43,891	43,905	4,098	91,894	-	-	-	-	
Tax distributions to other governments	-	-	-	-	61,409,711	-	-	61,409,711	
Weed control	-	-	-	-	-	-	294,577	294,577	
District court disbursements	-	-	-	-	-	432,189	-	432,189	
Total deductions	7,696,297	4,436,718	6,694,032	18,827,047	61,409,711	432,189	294,577	62,136,477	
Net Increase in Fiduciary Net Position	8,774,808	7,720,394	8,444,223	24,939,425	-	-	18,882	18,882	
Net Position - Beginning of year, as restated	100,321,017	66,889,126	22,152,960	189,363,103	-	-	330,447	330,447	
Net Position - End of year	\$ 109,095,825	\$ 74,609,520	\$ 30,597,183	\$ 214,302,528	\$ -	\$ -	\$ 349,329	\$ 349,329	

Statistical Section

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

1. Financial Trend Information

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

2. Revenue Capacity Information

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

3. Debt Capacity Information

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

4. Demographic and Economic Information

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

5. Operating Information

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

Charter Township of Waterford

	As of December 31,			
	2011	2012	2013	2014
Governmental Activities:				
Net investment in capital assets	\$ 45,135,692	\$ 47,298,593	\$ 46,738,188	\$ 46,799,756
Restricted	5,370,788	5,262,167	5,058,980	5,299,562
Unrestricted	<u>(6,048,239)</u>	<u>(9,709,009)</u>	<u>(12,613,301)</u>	<u>(14,614,667)</u>
Total net position	<u>\$ 44,458,241</u>	<u>\$ 42,851,751</u>	<u>\$ 39,183,867</u>	<u>\$ 37,484,651</u>
Business-type Activities:				
Net investment in capital assets	\$ 71,947,707	\$ 71,328,214	\$ 74,702,495	\$ 76,598,026
Restricted	2,206,903	2,084,405	2,150,295	813,588
Unrestricted	<u>13,185,783</u>	<u>14,110,363</u>	<u>14,968,603</u>	<u>14,544,118</u>
Total net position	<u>\$ 87,340,393</u>	<u>\$ 87,522,982</u>	<u>\$ 91,821,393</u>	<u>\$ 91,955,732</u>
Primary Government in Total:				
Net investment in capital assets	\$ 117,083,399	\$ 118,626,807	\$ 121,440,683	\$ 123,397,782
Restricted	7,577,691	7,346,572	7,209,275	6,113,150
Unrestricted	<u>7,137,544</u>	<u>4,401,354</u>	<u>2,355,302</u>	<u>(70,549)</u>
Total net position	<u>\$ 131,798,634</u>	<u>\$ 130,374,733</u>	<u>\$ 131,005,260</u>	<u>\$ 129,440,383</u>

Source: Township's annual financial statements

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

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

Net Position by Component

Last Ten Fiscal Years
(Unaudited)

As of December 31,						
2015 *	2016	2017	2018**	2019	2020	
\$ 47,424,323	\$ 47,755,197	\$ 49,917,271	\$ 51,276,047	\$ 50,863,258	\$ 51,139,451	
5,512,742	5,573,050	5,006,923	5,027,552	4,947,475	4,779,142	
(35,750,457)	(40,613,351)	(43,621,655)	(132,654,683)	(122,242,179)	(106,615,527)	
\$ 17,186,608	\$ 12,714,896	\$ 11,302,539	\$ (76,351,084)	\$ (66,431,446)	\$ (50,696,934)	
\$ 75,365,037	\$ 76,149,383	\$ 77,300,259	\$ 78,449,817	\$ 78,011,843	\$ 73,861,071	
2,998,522	1,098,158	2,342,415	1,572,136	786,958	6,253,705	
13,754,631	15,948,494	15,485,980	3,544,020	4,891,823	9,580,664	
\$ 92,118,190	\$ 93,196,035	\$ 95,128,654	\$ 83,565,973	\$ 83,690,624	\$ 89,695,440	
\$ 122,789,360	\$ 123,904,580	\$ 127,217,530	\$ 129,725,864	\$ 128,875,101	\$ 125,000,522	
8,511,264	6,671,208	7,349,338	6,599,688	5,734,433	11,032,847	
(21,995,826)	(24,664,857)	(28,135,675)	(129,110,663)	(117,350,356)	(97,034,863)	
\$ 109,304,798	\$ 105,910,931	\$ 106,431,193	\$ 7,214,889	\$ 17,259,178	\$ 38,998,506	

Charter Township of Waterford

	As of December 31,			
	2011	2012	2013	2014
Expenses:				
General government	\$ 6,705,725	\$ 6,941,413	\$ 7,540,276	\$ 7,371,411
District Court	2,419,633	2,252,893	2,292,718	2,382,795
Police and fire	24,652,327	29,836,433	32,017,761	32,860,164
Building inspection	1,240,541	1,499,568	1,081,438	1,091,307
Public works activities	746,742	831,566	507,388	378,338
Community & economic development	2,188,419	1,662,882	1,326,708	1,407,689
Recreation and culture	4,897,241	4,138,458	4,426,465	4,172,091
Interest on long-term debt	302,836	284,155	217,799	194,547
Total expenses	43,153,464	47,447,368	49,410,553	49,858,342
Program revenues:				
Charges for services				
General government	2,130,007	2,730,919	2,807,268	2,642,128
District Court	1,302,460	1,175,963	1,350,596	1,282,052
Police and fire	2,026,482	7,580,204	8,447,612	8,567,130
Building inspection	346,073	344,960	444,680	636,514
Community & economic development	79,046	93,411	89,110	131,987
Recreation and culture	1,268,767	1,289,312	1,353,572	1,311,791
Other activities	575,408	575,165	93,480	592,061
Total charges for services	7,728,243	13,789,934	14,586,318	15,163,663
Operating grants and contributions	1,785,418	992,965	2,861,831	4,515,109
Capital grants and contributions	-	896,439	18,657	117,289
Total program revenue	9,513,661	15,679,338	17,466,806	19,796,061
Excess of Expenses Over Program Revenue	(33,639,803)	(31,768,030)	(31,943,747)	(30,062,281)
General revenues:				
Property taxes	24,615,307	21,598,342	21,072,941	21,006,495
State-shared revenues	5,146,592	5,502,059	5,664,103	5,784,757
Unrestricted investment earnings/(loss)	125,441	96,075	145,472	237,100
Franchise fees	929,916	978,271	1,142,999	1,193,645
Miscellaneous	72,030	237,360	250,348	141,068
Total general revenues	30,889,286	28,412,107	28,275,863	28,363,065
Special Items - Contribution of public safety assets	-	1,749,433	-	-
Change in net position	\$ (2,750,517)	\$ (1,606,490)	\$ (3,667,884)	\$ (1,699,216)

Source: Township's annual financial statements

Changes in Governmental Net Position

Last Ten Fiscal Years
(Unaudited)

As of December 31,						
	2015	2016	2017	2018	2019	2020
\$	8,468,129	\$ 10,008,883	\$ 9,566,130	\$ 5,361,318	\$ 2,692,313	\$ 2,654,531
2,023,796	2,060,646	1,950,465	2,772,032	2,570,218	2,230,009	
33,814,996	32,607,963	31,148,383	38,386,451	33,854,132	28,832,069	
1,137,157	1,128,343	1,299,693	1,273,845	1,252,993	1,181,691	
341,865	447,811	644,788	818,722	670,260	671,591	
1,365,836	1,436,840	1,237,013	1,763,727	1,817,024	1,704,205	
4,106,423	4,235,473	4,457,445	5,146,552	3,718,735	3,467,112	
170,170	144,707	142,935	82,835	17,504	10,947	
51,428,372	52,070,666	50,446,852	55,605,482	46,593,179	40,752,155	
1,832,510	1,952,187	737,664	754,514	794,252	796,647	
1,037,257	1,072,440	1,089,797	1,114,223	1,041,707	785,457	
8,366,943	8,486,146	9,074,822	9,436,126	9,908,858	9,833,873	
594,148	667,341	703,837	1,142,404	877,047	592,755	
131,393	119,145	372,302	367,586	374,292	325,042	
1,368,111	1,345,423	1,127,118	1,145,407	1,177,979	275,601	
544,191	534,973	55,708	54,745	42,422	85,405	
13,874,553	14,177,655	13,161,248	14,015,005	14,216,557	12,694,780	
4,841,171	2,652,932	4,241,920	4,678,239	3,919,115	5,345,093	
38	32,731	5,000	10,940	14,501	100	
18,715,762	16,863,318	17,408,168	18,704,184	18,150,173	18,039,973	
(32,712,610)	(35,207,348)	(33,038,684)	(36,901,298)	(28,443,006)	(22,712,182)	
22,021,348	22,553,997	22,825,673	23,246,943	28,639,060	29,685,147	
5,764,563	5,913,916	6,403,176	6,603,644	6,852,470	6,796,110	
176,563	194,776	262,207	422,183	722,751	636,814	
1,250,899	1,243,092	1,210,578	1,141,743	1,131,587	1,099,017	
491,375	829,855	924,693	633,459	1,016,776	560,053	
29,704,748	30,735,636	31,626,327	32,047,972	38,362,644	38,777,141	
\$ (3,007,862)	\$ (4,471,712)	\$ (1,412,357)	\$ (4,853,326)	\$ 9,919,638	\$ 16,064,959	

Charter Township of Waterford

	As of December 31,			
	2011	2012	2013	2014
Operating Revenue				
Water usage billings	\$ 5,092,940	\$ 5,411,677	\$ 4,680,162	\$ 4,916,805
Sewage disposal charges	11,588,492	12,824,921	14,273,975	15,211,866
Other sales to customers	25,940	28,365	33,323	24,770
Charges for services	253,699	253,335	263,518	288,726
Operating grants	19,414	373,980	36,976	10,536
Total operating revenue	16,980,485	18,892,278	19,287,954	20,452,703
Operating Expenses				
Cost of water	1,667,552	1,671,016	1,640,029	1,658,724
Cost of sewage disposal	7,010,894	7,343,946	8,294,563	9,005,056
Operation and maintenance costs	708,744	548,469	578,010	730,739
Billing and administrative costs	5,272,625	5,270,602	5,461,724	5,525,326
Depreciation	3,438,847	3,686,911	3,682,610	3,586,054
Total operating expenses	18,098,662	18,520,944	19,656,936	20,505,899
Operating (Loss) Income	(1,118,177)	371,334	(368,982)	(53,196)
Nonoperating Revenue (Expenses)				
Gain (loss) on sale of assets	9,405	-	12,304	11,960
Operating grants	-	-	-	-
Investment income	153,224	66,050	110,795	135,605
Interest expense	(379,396)	(351,397)	(441,360)	(379,690)
Total nonoperating revenue (expense)	(216,767)	(285,347)	(318,261)	(232,125)
Income (Loss) - Before contributions	(1,334,944)	85,987	(687,243)	(285,321)
Transfers In - Net	-	-	-	-
Capital Contributions	109,103	96,601	4,985,654	419,660
Change in Net Position	(1,225,841)	182,588	4,298,411	134,339
Change in Primary Government Net Position				
Change in governmental net position	(2,750,517)	(1,606,490)	(3,667,884)	(1,699,216)
Change in business-type net position	(1,225,841)	182,588	4,298,411	134,339
Total change in primary government net position	\$ (3,976,358)	\$ (1,423,902)	\$ 630,527	\$ (1,564,877)

Source: Township's annual financial statements

Changes in Business-type Net Position

Last Ten Fiscal Years

(Unaudited)

As of December 31,						
2015	2016	2017	2018	2019	2020	
\$ 5,767,266	\$ 6,012,824	\$ 5,793,618	\$ 5,818,649	\$ 6,134,309	\$ 6,895,847	
15,606,349	16,506,995	16,673,937	17,205,120	17,541,306	17,950,840	
32,237	24,730	39,044	42,682	33,771	32,627	
262,479	466,141	500,839	434,160	385,026	394,422	
-	-	-	348,335	124,560	-	
21,668,331	23,010,690	23,007,438	23,848,946	24,218,972	25,273,736	
 1,600,899	 1,690,175	 1,721,613	 1,710,431	 1,727,482	 1,806,859	
9,259,783	9,166,971	9,677,724	9,980,975	10,192,062	9,820,447	
727,738	799,509	896,008	1,041,300	2,328,329	751,566	
5,677,345	5,847,148	5,057,079	4,795,245	4,458,218	1,929,440	
4,022,724	4,138,057	5,062,949	5,286,323	5,514,070	5,642,313	
21,288,489	21,641,860	22,415,373	22,814,274	24,220,161	19,950,625	
 379,842	 1,368,830	 592,065	 1,034,672	 (1,189)	 5,323,111	
 -	 (95,143)	 101,451	 12,012	 53,598	 8,593	
 -	 -	 469,295	 -	 -	 -	
 114,119	 107,899	 146,368	 314,230	 307,450	 520,139	
 (576,350)	 (522,830)	 (508,114)	 (725,060)	 (728,440)	 (721,910)	
 (462,231)	 (510,074)	 209,000	 (398,818)	 (367,392)	 (193,178)	
 (82,389)	 858,756	 801,065	 635,854	 (368,581)	 5,129,933	
 -	 -	 -	 -	 -	 -	
 750,175	 219,089	 1,131,554	 902,428	 493,232	 874,883	
 667,786	 1,077,845	 1,932,619	 1,538,282	 124,651	 6,004,816	
 (3,007,862)	 (4,471,712)	 (1,412,357)	 (4,853,326)	 9,919,638	 16,064,959	
 667,786	 1,077,845	 1,932,619	 1,538,282	 124,651	 6,004,816	
 \$ (2,340,076)	 \$ (3,393,867)	 \$ 520,262	 \$ (3,315,044)	 \$ 10,044,289	 \$ 22,069,775	

Charter Township of Waterford

	As of December 31,			
	2011	2012	2013	2014
General Fund:				
Nonspendable	\$ 41,258	\$ 40,404	\$ 41,130	\$ 102,118
Committed	-	-	1,453,123	1,820,048
Assigned	1,703,984	793,124	-	-
Unassigned	792,173	1,872,425	2,892,642	4,412,750
Total general fund	<u>2,537,415</u>	<u>2,705,953</u>	<u>4,386,895</u>	<u>6,334,916</u>
All other governmental funds:				
Nonspendable	6,915	3,466	29,782	7
Restricted	3,937,880	3,870,100	3,610,425	3,870,972
Committed	-	-	-	-
Assigned	4,606,791	4,942,477	5,757,190	6,890,698
Total General Fund and all other governmental funds	<u>\$ 11,089,001</u>	<u>\$ 11,521,996</u>	<u>\$ 13,784,292</u>	<u>\$ 17,096,593</u>

Source: Township's annual financial statements

Fund Balances - Governmental Funds

**Last Ten Fiscal Years
(Unaudited)**

As of December 31,					
2015	2016	2017	2018	2019	2020
\$ 176,681	\$ 96,798	\$ 192,148	\$ 68,596	\$ 87,676	\$ 6,409
2,125,140	2,551,284	2,745,602	3,070,045	3,549,529	4,375,238
-	64,373	534,566	-	-	-
<u>5,804,705</u>	<u>7,254,216</u>	<u>6,154,494</u>	<u>7,607,096</u>	<u>8,532,520</u>	<u>10,891,425</u>
8,106,526	9,966,671	9,626,810	10,745,737	12,169,725	15,273,072
271,341	2,668	276,216	3	997,588	1,014,422
4,029,098	4,018,863	3,812,681	3,901,915	3,816,298	3,603,925
145,000	441,499	591,235	1,054,391	3,246,590	4,746,898
<u>7,820,864</u>	<u>9,348,667</u>	<u>10,165,176</u>	<u>11,232,977</u>	<u>13,578,378</u>	<u>13,942,511</u>
\$ 20,372,829	\$ 23,778,368	\$ 24,472,118	\$ 26,935,023	\$ 33,808,579	\$ 38,580,828

Charter Township of Waterford

	As of December 31,			
	2011	2012	2013	2014
Revenue				
Property taxes	\$ 24,217,983	\$ 21,220,749	\$ 20,688,982	\$ 20,932,159
Intergovernmental revenue	7,090,287	7,213,657	8,508,876	10,670,673
Licenses and permits	300,769	364,258	485,610	657,977
Fines and forfeitures	1,586,332	1,411,839	1,588,776	1,544,005
Charges for services	3,894,382	9,606,043	10,411,618	10,636,717
Special assessments	858,299	864,927	927,510	830,284
Interest and miscellaneous	1,825,496	2,824,124	2,989,638	2,720,465
Total revenue	39,773,548	43,505,597	45,601,010	47,992,280
Expenditures				
Current:				
General government and district court	8,470,321	7,615,207	7,534,310	7,349,954
Public safety	22,620,407	27,782,168	28,800,415	29,953,841
Community and economic development	1,249,546	1,671,165	1,336,629	1,358,975
Recreation and culture	4,138,183	3,412,416	3,615,923	3,426,284
Miscellaneous	142,218	36,378	43,925	68,175
Capital outlay	648,183	1,258,568	684,405	1,148,223
Debt administration:				
Principal	990,000	1,040,000	1,095,000	1,175,000
Interest	287,626	275,864	228,107	199,527
Total expenditures	38,546,484	43,091,766	43,338,714	44,679,979
Excess of Revenue Over (Under) Expenditures	1,227,064	413,831	2,262,296	3,312,301
Other Financing Sources (Uses)				
Face value of debt issue	-	957,919	-	-
Debt premium	-	27,722	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	7,450,000	7,550,000	7,605,000	7,345,000
Transfers out	(7,450,000)	(7,550,000)	(7,605,000)	(7,345,000)
Payment to bond refunding escrow agent	-	(966,477)	-	-
Total other financing sources (uses)	-	19,164	-	-
Net change in fund balances	1,227,064	432,995	2,262,296	3,312,301
Fund Balances - Beginning of year	9,861,937	11,089,001	11,521,996	13,784,292
Fund Balances - End of year	\$ 11,089,001	\$ 11,521,996	\$ 13,784,292	\$ 17,096,593
Debt service as a percentage of noncapital expenditures	3.37%	3.15%	3.10%	3.16%

Note: 2020 beginning of year fund balance was restated as a result of implementing GASB Statement No. 84
 Source: Township's annual financial statements

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years
(Unaudited)

As of December 31,						
	2015	2016	2017	2018	2019	2020
\$	22,039,689	\$ 22,528,159	\$ 22,828,163	\$ 23,242,014	\$ 28,647,354	\$ 29,676,669
9,711,390	8,685,835	10,706,072	11,033,711	10,464,386	11,379,894	
612,176	696,992	723,426	1,226,493	972,933	664,630	
1,507,749	1,501,791	1,576,247	1,576,665	1,539,971	1,144,655	
10,749,411	10,847,802	11,226,029	11,490,680	11,858,005	11,255,309	
855,076	837,264	328,236	322,266	324,748	17,157	
2,907,439	3,052,781	3,578,267	3,210,417	4,035,063	3,528,812	
<u>48,382,930</u>	<u>48,150,624</u>	<u>50,966,440</u>	<u>52,102,246</u>	<u>57,842,460</u>	<u>57,667,126</u>	
7,185,480	7,796,775	9,019,979	7,898,940	8,659,899	9,274,752	
29,746,712	29,410,301	32,110,975	32,779,431	34,114,138	35,164,379	
1,300,250	1,357,980	1,273,026	1,475,980	1,798,749	1,972,888	
3,593,989	3,618,730	3,798,000	3,793,252	4,222,055	3,491,142	
-	-	53,953	179,578	98,693	116,028	
1,893,200	1,372,641	2,601,873	1,732,409	2,178,085	2,446,302	
1,232,932	1,344,032	1,404,429	1,710,008	119,162	123,654	
164,731	127,970	149,663	83,210	13,272	10,106	
<u>45,117,294</u>	<u>45,028,429</u>	<u>50,411,898</u>	<u>49,652,808</u>	<u>51,204,053</u>	<u>52,599,251</u>	
3,265,636	3,122,195	554,542	2,449,438	6,638,407	5,067,875	
-	276,699	-	-	-	-	
-	-	-	-	-	-	
10,600	6,645	139,208	13,467	235,149	34,821	
8,267,500	9,007,500	10,067,500	9,202,500	17,607,398	15,138,190	
(8,267,500)	(9,007,500)	(10,067,500)	(9,202,500)	(17,607,398)	(15,138,190)	
<u>10,600</u>	<u>283,344</u>	<u>139,208</u>	<u>13,467</u>	<u>235,149</u>	<u>34,821</u>	
3,276,236	3,405,539	693,750	2,462,905	6,873,556	5,102,696	
<u>17,096,593</u>	<u>20,372,829</u>	<u>23,778,368</u>	<u>24,472,118</u>	<u>26,935,023</u>	<u>33,478,132</u>	
\$ 20,372,829	\$ 23,778,368	\$ 24,472,118	\$ 26,935,023	\$ 33,808,579	\$ 38,580,828	

3.23% 3.37% 3.25% 3.74% 0.27% 0.27%

Charter Township of Waterford

General Governmental Revenue History

Last Ten Fiscal Years
(Unaudited)

Fiscal year	General Property Taxes	Intergovernmental Revenue	Special Assessments	Licenses and Permits	Fines and Fees	Charges for Services	Interest and Miscellaneous	Total Revenue
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
2016	22,528,159	8,685,835	837,264	696,992	1,501,791	10,847,802	3,052,781	48,150,624
2017	22,828,163	10,706,072	328,236	723,426	1,576,247	11,226,029	3,578,267	50,966,440
2018	23,242,014	11,033,711	322,266	1,226,493	1,576,665	11,490,680	3,210,417	52,102,246
2019	28,647,354	10,464,386	324,748	972,933	1,539,971	11,858,005	4,035,063	57,842,460
2020	29,676,669	11,379,894	17,157	664,630	1,144,655	11,255,309	3,528,812	57,667,126

NOTE: Includes all governmental-type funds

Source: Township annual financial statements

Charter Township of Waterford

General Governmental Expenditure History

Last Ten Fiscal Years
(Unaudited)

Fiscal year	General Government	Public Safety	Community and Economic Development	Recreation and Culture	Capital Outlay	Debt Admin	Miscellaneous	Total Expenditures
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
2016	7,796,775	29,410,301	1,357,980	3,618,730	1,372,641	1,472,002	-	45,028,429
2017	9,019,979	32,110,975	1,273,026	3,798,000	2,601,873	1,554,092	53,953	50,411,898
2018	7,898,940	32,779,431	1,475,980	3,793,252	1,732,409	1,793,218	179,578	49,652,808
2019	8,659,899	34,114,138	1,798,749	4,222,055	2,178,085	132,434	98,693	51,204,053
2020	9,274,752	35,164,379	1,972,888	3,491,142	2,446,302	133,760	116,028	52,599,251

NOTE: Includes all governmental fund types under modified accrual accounting

Source: Township annual financial statements

Charter Township of Waterford

General Fund Balance Compared to Annual Expenditures

Last Ten Fiscal Years
(Unaudited)

Fiscal year	Nonspendable Fund Balance	Restricted Fund Balance	Unrestricted Fund Balance	Annual Expenditures and Transfers	Unreserved/Unrestricted Fund Balance as a Percentage of Expenditures
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%
2016	96,798	-	9,805,500	18,694,328	52.45%
2017	192,148	-	9,434,662	20,198,298	46.71%
2018	68,596	-	10,677,141	19,433,985	54.94%
2019	87,676	-	12,082,049	19,806,459	61.00%
2020	6,409	-	15,266,663	19,246,198	79.32%

Source: Township annual financial statements

Charter Township of Waterford

Taxable Value by Property Type (1)

Real Property

Tax Year	Residential	Commercial	Industrial	Personal Property	Total Value
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
2016	1,534,483,430	344,829,640	26,741,060	75,399,276	1,981,453,406
2017	1,591,768,390	346,359,740	28,031,370	77,964,300	2,044,123,800
2018	1,667,442,430	344,426,360	29,641,120	80,179,970	2,121,689,880
2019	1,760,280,880	360,026,370	31,602,690	87,805,490	2,239,715,430
2020	1,856,209,320	362,130,810	31,957,690	96,256,250	2,346,554,070

(1) Under Michigan law, the revenue base is taxable value. Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

Source: Township Assessing Department records

Assessed Value and Actual Value of Taxable Property

Last Ten Years
(Unaudited)

Tax Rate (mills)	Estimated Actual	Taxable Value as a
	Value	% of Actual
10.8896	4,100,734,760	48.68%
10.8896	3,948,172,000	48.90%
11.0796	3,951,590,330	48.23%
11.5800	4,114,381,038	46.28%
11.5796	4,548,921,312	42.73%
11.5064	4,998,497,592	39.64%
11.3266	5,387,595,720	37.94%
13.5791	5,601,838,470	37.87%
10.5256	6,095,120,070	36.75%
10.3809	6,587,142,980	35.62%

Charter Township of Waterford

Direct and Overlapping Property Tax Rates

**Last Ten Years
(Unaudited)**

Tax Year	Millage Rates - Direct Township Taxes (1)				Overlapping Taxes					(2) Total Tax Rate:	
	General Operating	Debt	Special Assmnt	Total Direct Taxes	County Combined (4)	Community College	Intermediate School District	School - Principal (3)	School - Non- principal (3)	Principal	Nonprincipal
2011	10.3896	0.5000	-	10.8896	4.7461	1.5844	3.3690	11.8500	29.8500	32.4391	50.4391
2012	10.3896	0.5000	-	10.8896	4.9461	1.5844	3.3690	11.8500	29.8500	32.6391	50.6391
2013	10.3896	0.6900	-	11.0796	4.9461	1.5844	3.3690	13.0000	31.0000	33.9791	51.9791
2014	10.8896	0.6900	-	11.5796	4.9461	1.5844	3.3690	13.0000	31.0000	34.4791	52.4791
2015	10.8896	0.6900	-	11.5796	4.8450	1.5819	3.3633	13.0000	31.0000	34.3698	52.3698
2016	10.8164	0.6900	-	11.5064	4.7909	1.5707	3.3398	13.0000	31.0000	34.2078	52.2078
2017	10.6766	0.6500	-	11.3266	4.7849	1.5555	3.3079	13.0000	31.0000	33.9749	51.9749
2018	10.6291	-	2.9500	13.5791	4.7805	1.5431	3.2813	13.0000	31.0000	36.1840	54.1840
2019	10.5256	-	2.7800	13.3056	4.7748	1.5303	3.2539	12.7500	30.7500	35.6146	53.6146
2020	10.3809	-	2.9000	13.2809	4.7492	1.5184	3.2280	12.7500	30.7500	35.5265	53.5265

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

(2) Previously termed Homestead and Non-homestead

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

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

Source: Township Assessing Department records

Charter Township of Waterford

Principal Property Taxpayers

Current Year and Ten Years Ago
(Unaudited)

	Type of Business	Year Ended December 31, 2020			Year Ended December 31, 2011		
		Taxable Value	Percentage of Total	Rank	Taxable Value	Percentage of Total	Rank
Detroit Edison	Utility	30,644,670	1.31%	1	26,816,010	1.34%	1
Consumers Energy	Utility	13,162,900	0.56%	2	6,036,930	0.30%	8
Cass Lake Shore Club	Apartment	8,793,150	0.37%	3	8,747,760	N/A	3
Suburban Highland	Dealership	8,420,660	0.36%	4	-	N/A	N/A
Meijer	Retail	7,779,070	0.33%	5	7,504,610	0.38%	5
Village Green	Apartment	7,412,940	0.32%	6	6,645,110	0.33%	7
St Luke's Episcopal Health	Senior Housing	6,765,390	0.29%	7	-	N/A	N/A
Rite Aid	Retail	6,411,660	0.27%	8	6,918,820	N/A	6
Rivers Edge	Apartment	6,211,700	0.26%	9	7,896,430	0.40%	4
Penn Automotive	Manufacturing	5,775,250	0.25%	10	-	N/A	N/A
Total		\$ 101,377,390	4.32%		\$ 70,565,670	3.54%	
Total taxable value for each year		\$ 2,346,554,070			\$ 1,996,102,460		

Source: Waterford Township Assessing Department records

Charter Township of Waterford

Property Tax Levies and Collections

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total Levy	Collections	Percent Collected	Delinquent Collections (Real)	Total Tax Collections	Percent of Levy Collected	Delinquent Tax Receivable
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	20,871,545	99.89%	53,801
2014	21,967,753	20,771,999	94.56%	1,163,240	21,935,239	99.85%	32,514
2015	22,423,378	21,270,467	94.86%	1,096,206	22,366,673	99.75%	55,874
2016	22,755,214	21,676,415	95.26%	1,035,653	22,712,068	99.81%	42,004
2017	23,121,178	22,070,784	95.46%	1,013,142	23,083,926	99.84%	36,247
2018	28,524,264	27,300,414	95.71%	1,187,040	28,487,455	99.87%	36,835
2019	29,556,658	28,308,116	95.78%	1,175,526	29,483,642	99.75%	31,042
2020	30,867,636	29,602,084	95.90%	1,184,925	30,787,009	99.74%	54,191

Source: Township Treasurer's Office records

Charter Township of Waterford

	As of December 31,			
	2011	2012	2013	2014
Governmental Activities:				
General obligation bonds	\$ 9,625,000	\$ 8,337,969	\$ 7,097,969	\$ 5,922,969
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Installment purchase agreements	-	-	-	-
Notes payable	-	-	-	-
Capital leases	-	-	-	-
Total	9,625,000	8,337,969	7,097,969	5,922,969
Business-type Activities:				
General obligation bonds	18,263,706	19,328,651	22,968,930	32,500,078
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Installment purchase agreements	-	-	-	-
Notes payable	-	-	-	-
Capital leases	-	-	-	-
Total	18,263,706	19,328,651	22,968,930	32,500,078
Total Debt of the Government	\$ 27,888,706	\$ 27,666,620	\$ 30,066,899	\$ 38,423,047
Total Taxable Value	\$ 1,996,102,460	\$ 1,930,465,372	\$ 1,905,737,405	\$ 1,904,049,799
Ratio of Total Debt to Taxable Value	1.40%	1.43%	1.58%	2.02%
Total Population	71,798	72,171	72,645	72,181
Total Debt per Capita	\$ 388	\$ 383	\$ 414	\$ 532
Per Capita Personal Income	\$ 29,401	\$ 26,423	\$ 26,151	\$ 28,717
Ratio of Debt to Personal Income	1.32%	1.45%	1.58%	1.85%

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

Ratios of Outstanding Debt

Last Ten Fiscal Years
(Unaudited)

As of December 31,						
2015	2016	2017	2018	2019	2020	
\$ 4,690,037	\$ 3,378,736	\$ 1,984,066	\$ 508,273	\$ 389,111	\$ 265,457	
-	-	-	-	-	-	
672,614	691,517	523,509	352,294	177,812	-	
-	243,974	234,210	-	-	-	
<u>5,362,651</u>	<u>4,314,227</u>	<u>2,741,785</u>	<u>860,567</u>	<u>566,923</u>	<u>265,457</u>	
36,033,495	34,868,462	32,719,833	32,199,070	31,212,762	32,805,496	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	61,337	58,883	-	-	-	
<u>36,033,495</u>	<u>34,929,799</u>	<u>32,778,716</u>	<u>32,199,070</u>	<u>31,212,762</u>	<u>32,805,496</u>	
\$ 41,396,146	\$ 39,244,026	\$ 35,520,501	\$ 33,059,637	\$ 31,779,685	\$ 33,070,953	
\$ 1,943,694,296	\$ 1,981,453,406	\$ 2,044,123,800	\$ 2,121,689,880	\$ 2,239,715,430	\$ 2,346,554,070	
2.13%	1.98%	1.74%	1.56%	1.42%	1.41%	
72,503	72,756	72,863	72,948	73,142	72,976	
\$ 571	\$ 539	\$ 487	\$ 453	\$ 434	\$ 453	
\$ 28,268	\$ 31,149	\$ 29,189	\$ 33,551	\$ 33,831	\$ 38,630	
2.02%	1.73%	1.67%	1.35%	1.28%	1.17%	

Charter Township of Waterford

Ratios of General Bonded Debt Outstanding

**Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	General Obligation Bonds		Less Pledged Tax Supported Bonds (1)		Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value		General Bonded Debt	
	Bonds	Bonds (1)	Debt Service Funds				Population	Per Capita		
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		
2016	35,607,198	2,640,000	158,920	38,088,278	1,981,453,406	1.92%	72,756	524		
2017	33,343,899	1,360,000	176,212	34,527,687	2,044,123,800	1.69%	72,863	474		
2018	32,707,343	-	135,636	32,571,707	2,121,689,880	1.54%	72,948	447		
2019	31,701,873	-	-	31,701,873	2,239,715,430	1.42%	73,142	433		
2020	33,070,953	-	-	33,070,953	2,346,554,070	1.41%	72,976	453		

Note: Special assessment bonds have been excluded.

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

Source: Township annual financial statements.

Charter Township of Waterford

Direct and Overlapping Debt

December 31, 2020

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percent Applicable to Waterford	Estimated Share of Overlapping Debt
Oakland County	\$ 280,906,912	3.73%	\$ 10,477,828
School Districts:			
Clarkston school district	163,201,556	2.04%	3,329,312
Pontiac school district	116,547,135	2.09%	2,389,216
Waterford school district	144,845,000	85.63%	124,132,165
Oakland Community College	-	N/A	-
Intermediate school district	42,970,000	3.74%	1,607,078
Total overlapping debt	748,470,603		141,935,599
Direct Township debt (not including debt related to business-type activities)	265,457	100.00%	265,457
Total direct and overlapping debt	<u>\$ 748,736,060</u>		<u>\$ 142,201,056</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.

N/A - Not Applicable

Source: Municipal Advisory Council of Michigan

Charter Township of Waterford

	As of December 31,			
	2011	2012	2013	2014
Calculation of Debt Limit: (1)				
State equalized valuation	\$ 2,050,367,380	\$ 1,974,086,000	\$ 1,975,795,165	\$ 2,057,190,519
Debt limit (10% of SEV)	205,036,738	197,408,600	197,579,517	205,719,052
Calculation of Debt Subject to Limit:				
Total debt	27,888,706	27,666,620	30,066,899	38,423,047
Less debt not subject to limit:				
Installment purchase agreements	-	-	-	-
Notes payable	-	-	-	-
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Enterprise fund bonds	18,263,707	19,328,651	22,968,930	32,500,078
Net Debt Subject to Limit	9,624,999	8,337,969	7,097,969	5,922,969
Legal Debt Margin	\$ 195,411,739	\$ 189,070,631	\$ 190,481,548	\$ 199,796,083
Net Debt Subject to Limit as Percentage of Debt Limit	4.69%	4.22%	3.59%	2.88%

(1) The legal debt limit continues to be derived from State Equalized Value (SEV), not Taxable Value (TV).

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

Legal Debt Margin

Last Ten Fiscal Years
(Unaudited)

As of December 31,						
2015		2016		2017		2018
\$ 2,274,460,656	\$ 2,499,248,796	\$ 2,693,797,860	\$ 2,800,919,235	\$ 3,047,560,035	\$ 3,293,571,490	
227,446,066	249,924,880	269,379,786	280,091,924	304,756,004	329,357,149	
41,396,146	39,244,026	35,520,501	33,059,637	31,779,685	33,070,953	
672,614	691,517	523,509	352,294	177,812	-	
-	305,311	293,098	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
36,033,495	34,868,462	32,719,833	32,199,070	31,212,762	32,805,496	
4,690,037	3,378,736	1,984,061	508,273	389,111	265,457	
\$ 222,756,029	\$ 246,546,144	\$ 267,395,725	\$ 279,583,651	\$ 304,366,893	\$ 329,091,692	
2.06%	1.35%	0.74%	0.18%	0.13%	0.08%	

Charter Township of Waterford

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
2011	71,798	(1) 2,110,933	29,892	29,401	39.1	9.3%
2012	72,171	(2) 1,906,974	27,700	26,423	37.5	8.8%
2013	72,645	(3) 1,899,739	29,523	26,151	39.6	8.9%
2014	72,181	(4) 2,072,822	29,612	28,717	40.0	6.8%
2015	72,503	(5) 2,049,515	29,255	28,268	40.7	4.6%
2016	72,756	(6) 2,266,277	30,342	31,149	40.5	4.0%
2017	72,863	(7) 2,126,798	29,525	29,189	41.0	3.6%
2018	72,948	(8) 2,447,478	32,284	33,551	41.7	3.5%
2019	73,142	(9) 2,474,467	30,659	33,831	41.5	3.2%
2020	72,976	(10) 2,819,063	32,003	38,630	41.9	8.6%

(1) 2010 Census Department - American Community Survey Data Profile Review

(2) 2011 Census Department - American Community Survey Data Profile Review

(3) 2012 Census Department - American Community Survey Data Profile Review

(4) 2013 Census Department - American Community Survey Data Profile Review

(5) 2014 Census Department - American Community Survey Data Profile Review

(6) 2015 Census Department - American Community Survey Data Profile Review

(7) 2016 Census Department - American Community Survey Data Profile Review

(8) 2017 Census Department - American Community Survey Data Profile Review

(9) 2018 Census Department - American Community Survey Data Profile Review

(10) 2019 Census Department - American Community Survey Data Profile Review

Charter Township of Waterford

Principal Employers

December 31, 2020

(Unaudited)

Employer	Enterprise	2020		2011	Percentage of Total
		Employees	(1) (2)		
1 Oakland County	Government	1,450	3.4%	1,350	N/A
2 Waterford School District	Education	1,335	3.2%	1,407	N/A
3 Oakland Intermediary Schools	Education	415	1.0%	254	N/A
4 Township Of Waterford (2)	Government	400	0.9%	261	N/A
5 Penn Engineering	Manufacturing	291	0.7%	N/A	N/A
6 Oakland Community College*	Education	264	0.6%	162	N/A
7 Meijer	Retail	260	0.6%	243	N/A
8 Canterbury Healthcare, Inc.	Nursing Care	256	0.6%	220	N/A
9 Pentastar Aviation, LLC	Air Transportation	230	0.5%	227	N/A
10 Road Commission for Oakland County	Transportation	213	0.5%	423	N/A
Total		<u>5,114</u>			
Total Township Employment (1)		<u>42,172</u>			

(1) Data is from various sources including:
2019 American Community Survey DP03

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

*Direct hire and estimated Adjunct

Note: Due to COVID in 2020, many updates are not available at this time

Charter Township of Waterford

Full-time Equivalent Government Employees

Last Ten Fiscal Years
(Unaudited)

Department	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Supervisor/Assessing	6	7	6	6	6	7	7	8	8	8
Clerk's Office	5	6	6	6	6	7	7	7	7	7
Treasurer's Office	6	6	6	6	6	6	6	6	6	7
Fiscal & Human Resources	2	2	2	2	2	2	2	2	2	2
51st District Court	25	23	23	23	22	19	20	20	20	19
Planning & Development	5	3	3	3	3	3	3	3	3	3
Information Systems	3	3	3	3	3	4	4	4	4	4
Facilities & Operations	8	10	10	10	10	8	8	8	8	7
Building & Engineering	9	8	7	7	8	8	8	8	9	9
Parks & Recreation	9	6	6	5	6	8	8	8	8	8
Police Department	64	65	64	63	66	67	72	69	76	76
Fire Department (1,2,3,4,5,6,7)	64	106	146	140	104	119	138	131	109	110
Library	13	13	12	13	13	13	14	14	13	13
Water & Sewer	42	41	40	41	40	41	39	39	37	39
Cable	-	-	-	-	-	1	1	1	1	1
Total	261	299	334	328	295	313	337	328	311	313

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

(1) In 2012 Waterford Twp began providing Fire Service to Pontiac which increased staffing by 42 positions.

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

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

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

(5) In 2017 Waterford Twp Fire Dep't increased staffing for the Federal Safer Grant by an add'l 21 positions, for a total of 36 grant positions.

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

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

Source: Payroll & Benefit department and other records

Charter Township of Waterford

Function/Program	2011	2012	2013	2014
Police:				
Physical Arrests	1,614	1,829	1,626	1,062
Traffic violations	4,935	6,645	5,698	3,391
Non traffic misdemeanors	463	456	497	310
Non traffic civil infractions	374	188	256	315
Fire:				
Emergency responses	6,080	10,025	10,502	11,276
Fires extinguished	147	605	545	542
Inspections	550	959	1,038	750
Parks and recreation:				
Recreation programs (estimated)	783	792	814	810
Library:				
Circulation (books borrowed)	366,837	347,496	316,764	317,510
Collection volume	165,989	179,022	181,265	188,328
Visits: Walk-ins	259,155	235,971	233,477	198,183
Visits: Website	148,731	149,836	148,346	185,378
Water:				
New connections	70	58	67	74
Water main breaks	28	22	24	45
Total consumption (billed - cubic feet)	309,809,655	320,451,892	275,327,916	258,557,800
Average annual consumption per customer (gallons)	58,442	58,292	53,714	50,601

Source: Township Departmental correspondence

Operating Indicators

Last Ten Fiscal Years
(Unaudited)(Continued)

2015	2016	2017	2018	2019	2020
915	1,019	1,161	1,183	1,277	998
4,286	4,179	3,815	4,170	3,007	1,952
284	724	883	868	908	565
420	711	875	1,095	626	421
11,398	12,104	13,095	13,587	13,813	12,937
487	519	519	400	337	369
1,033	1,045	709	692	770	670
817	612	615	614	614	144
291,656	279,587	271,667	260,813	251,405	170,699
195,377	638,798	602,814	130,371	120,148	120,487
183,775	175,120	170,981	165,883	165,387	31,862
372,372	194,511	445,200	561,083	269,262	478,997
86	91	133	108	130	98
16	14	15	27	18	15
267,587,530	288,257,794	273,197,387	276,935,659	245,690,487	262,616,594
50,990	50,212	48,447	48,327	47,070	49,016

Charter Township of Waterford

Capital Asset Statistics

Last Ten Fiscal Years
(Unaudited)

Function/ program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	46	49	46	44	44	28	26	28	27	27
Fire:										
Stations	5	10	10	9	9	9	9	9	9	9
Emergency Response Vehicles	14	24	27	27	27	27	27	27	26	27
Parks and recreation:										
Acreage	854	854	854	854	854	854	854	854	854	854
Playgrounds	8	8	8	6	3	3	3	3	3	1
Soccer fields	7	7	7	8	8	8	8	8	8	8
Baseball/ softball diamonds	13	13	13	13	13	13	13	13	13	13
Libraries:										
Branches	1	1	1	1	1	1	1	1	1	1
Water:										
mains (miles)	350	350	350	350	350	350	350	350	350	350
Fire hydrants	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Storage capacity (millions of gallons)	9	9	9	9	9	9	9	9	9	9
Sewer:										
Miles of sanitary sewers	350	350	350	350	350	350	350	350	350	350

Source: Departmental correspondence