

**WATERTOWN CHARTER TOWNSHIP**  
**REPORT ON FINANCIAL STATEMENTS**  
**(with required and other**  
**supplementary information)**  
**YEAR ENDED DECEMBER 31, 2024**

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2425 E. Grand River Ave.,  
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Watertown Charter Township  
Clinton County, Michigan

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Watertown Charter Township, Michigan (the Township), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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, and the aggregate remaining fund information of Watertown Charter Township, Michigan, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Watertown Charter Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Change in Accounting Principle***

As discussed in Note 11 to the financial statements, in 2024 the Township adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules, 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Maney Costeiran PC*

May 28, 2025

## **WATERTOWN CHARTER TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Financial Reporting**

This discussion and analysis of Watertown Charter Township's (the Township) financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2024. Please read it in conjunction with the Township's financial statements.

### **Financial Highlights**

As discussed in further detail in this analysis, the following represents the most significant financial issues for the year ended December 31, 2024:

- Property tax revenue related to the Township's governmental activities increased by \$194,349.
- The fund balance of the Township's governmental funds increased by \$1,906,193.
- The Township increased net position in 2024 by \$2,365,810.

### **Using this Annual Report**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

**Government-wide 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.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

**Fund Financial Statements.** The fund financial statements present a short-term view; they tell us 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 operations of the Township 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 the government.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

## WATERTOWN CHARTER TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire and EMS Fund, and ARPA Grant Fund, which are major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Other Supplementary Information section of this report.

The Township adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison statement has been provided for the General Fund and major special revenue funds to demonstrate compliance with this budget.

***Proprietary Funds.*** The Township maintains two proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses Enterprise Funds to account for its sewer and water system activity.

***Fiduciary Funds.*** Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-40 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, such as the MD&A and budgetary comparison schedules. Combining fund financial statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information.

# WATERTOWN CHARTER TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

## The Township as a Whole

The following table shows, in a condensed format, a comparative analysis of the net position, as of December 31, 2024 and December 31, 2023 (2023 information has been restated):

	Governmental Activities		Business-Type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
<b>ASSETS</b>						
Current and other assets	\$ 14,386,703	\$ 12,873,441	\$ 7,792,281	\$ 7,143,676	\$ 22,178,984	\$ 20,017,117
Capital assets	362,115	390,215	3,711,696	3,882,731	4,073,811	4,272,946
<b>TOTAL ASSETS</b>	<b>14,748,818</b>	<b>13,263,656</b>	<b>11,503,977</b>	<b>11,026,407</b>	<b>26,252,795</b>	<b>24,290,063</b>
<b>LIABILITIES</b>						
Current liabilities	132,078	753,055	120,440	116,084	252,518	869,139
Noncurrent liabilities	41,729	24,754	-	-	41,729	24,754
<b>TOTAL LIABILITIES</b>	<b>173,807</b>	<b>777,809</b>	<b>120,440</b>	<b>116,084</b>	<b>294,247</b>	<b>893,893</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>2,549,546</b>	<b>2,385,903</b>	<b>57,617</b>	<b>24,692</b>	<b>2,607,163</b>	<b>2,410,595</b>
<b>NET POSITION</b>						
Investment in capital assets	362,115	390,215	3,711,696	3,882,731	4,073,811	4,272,946
Unrestricted	11,663,350	9,709,729	7,614,224	7,002,900	19,277,574	16,712,629
<b>TOTAL NET POSITION</b>	<b>\$ 12,025,465</b>	<b>\$ 10,099,944</b>	<b>\$ 11,325,920</b>	<b>\$ 10,885,631</b>	<b>\$ 23,351,385</b>	<b>\$ 20,985,575</b>

Net position may serve over time as a useful indicator of a government's financial position. The Township's assets exceeded liabilities by \$23,351,385 as of December 31, 2024. A portion of the Township's net position (17%) reflects its investment in capital assets (e.g., sewer lines, land, buildings, equipment) less any related debt used to acquire those assets that is still outstanding (currently none). It is important to understand that although capital assets like sewer lines appear as a financial asset, they are not an asset that can be sold to meet liabilities. The Township uses these capital assets to provide services to citizens. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net position \$19,277,574 may be used to meet the Township's ongoing obligations to citizens and creditors. The Township Board operated in a financially conservative way. In doing so, the Township has the practice of saving for future township wide needs in advance. Although the unrestricted net position may appear to be a large number, these funds are mostly set aside for future projects.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The Township's net position increased by \$2,365,810 during the current year as indicated below. A portion of the increase was due to advanced savings for projects in future years and the delaying of several projects due to costs.



## WATERTOWN CHARTER TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table shows, in a condensed format, a comparative analysis of the revenue, expenses, and change in net position for the fiscal years ended December 31, 2024 and December 31, 2023 (2023 information has been restated):

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
<b>REVENUE</b>						
Program Revenue						
Charges for service	\$ 714,878	\$ 684,839	\$ 1,003,526	\$ 1,068,981	\$ 1,718,404	\$ 1,753,820
Operating grants and contributions	716,566	140,520	-	-	716,566	140,520
General Revenue						
Property taxes	2,267,253	2,072,904	-	-	2,267,253	2,072,904
State shared revenue	593,808	600,718	-	-	593,808	600,718
Investment earnings	505,129	327,388	260,851	212,716	765,980	540,104
Miscellaneous	3,787	9,087	-	-	3,787	9,087
<b>TOTAL REVENUE</b>	<b>4,801,421</b>	<b>3,835,456</b>	<b>1,264,377</b>	<b>1,281,697</b>	<b>6,065,798</b>	<b>5,117,153</b>
<b>PROGRAM EXPENSES</b>						
General government	1,469,122	1,375,383	-	-	1,469,122	1,375,383
Public safety	635,792	730,352	-	-	635,792	730,352
Public works	404,742	617,792	-	-	404,742	617,792
Community and economic development	352,745	367,514	-	-	352,745	367,514
Recreation and culture	13,499	12,377	-	-	13,499	12,377
Sewer system	-	-	703,626	634,338	703,626	634,338
Water system	-	-	120,462	120,176	120,462	120,176
<b>TOTAL PROGRAM EXPENSES</b>	<b>2,875,900</b>	<b>3,103,418</b>	<b>824,088</b>	<b>754,514</b>	<b>3,699,988</b>	<b>3,857,932</b>
<b>Change in net position</b>	<b>\$ 1,925,521</b>	<b>\$ 732,038</b>	<b>\$ 440,289</b>	<b>\$ 527,183</b>	<b>\$ 2,365,810</b>	<b>\$ 1,259,221</b>

### **Governmental Activities**

Governmental activities increased the Township's net position by \$1,925,521 during fiscal year 2024. Key elements of this increase are as follows:

The Township's governmental activities' revenues totaled \$4,801,421, an increase from the prior year governmental activities' revenue of \$3,835,456. The Township's governmental activities revenue sources increased by 25%. Operating grant and contributions increased \$576,046 due to recognition of ARPA Grant revenue. Property taxes increased \$194,349, primarily due to an increase in taxable value.

The Township's governmental activities expenses are associated with providing general services, public safety, public works, community and economic development, and recreation and culture. The Township incurred governmental expenditures of \$2,875,900 during 2024, a decrease of approximately 7% from 2023.

### **Business-Type Activities**

Business-type activities increased the Township's net position by \$440,289 during fiscal year 2024. During the year the Township increased its equity interest in the Southern Clinton County Municipal Utilities Authority (SCCMUA), this is a result of the current year operations of the SCCMUA, the Township has not changed any ownership in SCCMUA. The majority (79%) of the revenue of the business-type activities is generated through user charges from those receiving the service.

## **WATERTOWN CHARTER TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **The Township's Funds**

**Governmental Funds.** The analysis of the Township's major funds begins on page 13, 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's Board of Trustees creates funds to help manage money for specific purposes. The Township's major governmental funds for the fiscal year ended December 31, 2024, were the General Fund, Fire and EMS Fund, and ARPA Grant Fund.

The General Fund pays for most of the Township's governmental services. The most significant service provided during the fiscal year was for general government, which incurred expenditures of \$1,442,037 for the fiscal year. General government services are partially supported by property taxes and State revenue sharing.

The Fire and EMS Fund was established to account for taxes that are levied to support those services. This fund is partially supported by a transfer from the General Fund. At December 31, 2024, there was no fund balance.

The ARPA Grant Fund was established to account for grant funds received for the American Rescue Plan Act. The ARPA Grant Fund recognized all of its revenue as a transfer out to the general fund to cover lost revenue. At December 31, 2024, there was no fund balance.

**Proprietary Funds.** The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Sewage Disposal and the Water Funds at the end of the year amounted to \$6,551,280 and \$1,062,944, respectively. The increase in net position for the Sewage Disposal Fund for the fiscal year was \$366,883. Net position for the Water Extension Fund increased by \$73,406 in 2024. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Township's business-type activities.

### **General Fund Budgetary Highlights**

Over the course of the fiscal year, the Township's Board made necessary budget adjustments to fund unanticipated expenditures during the year. Budgetary-basis revenues were increased by \$208,400 to account for additional licenses and permits and operating transfers in. Actual revenues and other financing sources came in \$1,135,159 more than the amended budget due to favorable investment performance as well as an operating transfer in from the ARPA Grant Fund to recognize revenue replacement. Budgetary basis expenditures were increased \$208,400, primarily for additional planning and zoning activities. Actual expenditures and other financing uses came in \$1,145,614 under budget, due to recording public safety and health expenditures in the Fire and EMS Fund, less highway and street maintenance costs than anticipated, and delaying of planned capital projects.

### **Capital Asset and Debt Administration**

**Capital Assets.** At the end of the fiscal year, the Township had approximately \$9,592,655 invested in a broad range of governmental and business-type capital assets, including buildings, land, equipment, and utilities. In addition, the Township has made major investments in roads and bridges within Watertown Charter Township. These assets are not reported in Watertown Charter Township's financial statements as capital assets because under Michigan law these roads are the property of the Clinton County Road Commission. Refer to Note 5 for further details related to the Township's capital assets.

## **WATERTOWN CHARTER TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Long-term Obligations.** The carrying amount of the Township's obligation for compensated absences decreased by \$4,251. Refer to Note 6 for further details related to the Township's long-term obligations.

### **Current Economic Factors**

The following economic factors were considered in preparing the Township's budget for the 2025 fiscal year:

- The increased cost for goods and services in all aspects of Township operations
- The increased costs for the fire and emergency services contract
- Future large scale capital improvements
- Infrastructure asset management projects
- Road and Bridge Infrastructure improvements

### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Manager at the Watertown Charter Township Hall, 12803 S. Wacousta Road, Grand Ledge, Michigan 48837, or by e-mail at JTubbs@watertownmi.gov.

## **BASIC FINANCIAL STATEMENTS**

**WATERTOWN CHARTER TOWNSHIP  
STATEMENT OF NET POSITION  
DECEMBER 31, 2024**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,225,479	\$ 963,685	\$ 2,189,164
Investments	6,272,527	3,514,743	9,787,270
Receivables	1,535,319	30,882	1,566,201
Due from other governmental units	127,327	-	127,327
Prepays	16,371	-	16,371
Total current assets	9,177,023	4,509,310	13,686,333
Noncurrent assets			
Investments	3,159,332	1,775,838	4,935,170
Equity interest in joint ventures	906,900	1,507,133	2,414,033
Special assessments	77,147	-	77,147
Noncurrent portion of contracts receivable	1,066,301	-	1,066,301
Capital assets not being depreciated	110,940	82,887	193,827
Capital assets, net of accumulated depreciation	251,175	3,628,809	3,879,984
Total noncurrent assets	5,571,795	6,994,667	12,566,462
TOTAL ASSETS	14,748,818	11,503,977	26,252,795
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	13,243	120,440	133,683
Accrued liabilities	41,895	-	41,895
Current portion of compensated absences	76,940	-	76,940
Total current liabilities	132,078	120,440	252,518
Noncurrent liabilities			
Noncurrent portion of compensated absences	41,729	-	41,729
TOTAL LIABILITIES	173,807	120,440	294,247
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes levied for subsequent year	2,549,546	-	2,549,546
Assessment collections for subsequent periods	-	57,617	57,617
TOTAL DEFERRED INFLOWS OF RESOURCES	2,549,546	57,617	2,607,163
<b>NET POSITION</b>			
Investment in capital assets	362,115	3,711,696	4,073,811
Unrestricted	11,663,350	7,614,224	19,277,574
TOTAL NET POSITION	\$ 12,025,465	\$ 11,325,920	\$ 23,351,385

See accompanying notes to financial statements.

**WATERTOWN CHARTER TOWNSHIP  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities						
General government	\$ 1,469,122	\$ 190,199	\$ 654,258	\$ (624,665)	\$ -	\$ (624,665)
Public safety	635,792	73,494	3,497	(558,801)	-	(558,801)
Public works	404,742	213,418	58,811	(132,513)	-	(132,513)
Community and economic development	352,745	230,392	-	(122,353)	-	(122,353)
Recreation and culture	13,499	7,375	-	(6,124)	-	(6,124)
Total governmental activities	2,875,900	714,878	716,566	(1,444,456)	-	(1,444,456)
Business-type activities						
Sewage disposal	703,626	862,595	-	-	158,969	158,969
Water extension	120,462	140,931	-	-	20,469	20,469
Total business-type activities	824,088	1,003,526	-	-	179,438	179,438
TOTAL	<u>\$ 3,699,988</u>	<u>\$ 1,718,404</u>	<u>\$ 716,566</u>	<u>(1,444,456)</u>	<u>179,438</u>	<u>(1,265,018)</u>
General revenues						
Property taxes				2,267,253	-	2,267,253
State shared revenue				593,808	-	593,808
Investment earnings				505,129	260,851	765,980
Miscellaneous				3,787	-	3,787
Total general revenues				3,369,977	260,851	3,630,828
Change in net position				1,925,521	440,289	2,365,810
Net position, beginning of year, as previously presented				10,142,487	10,885,631	21,028,118
Adjustments to beginning net position				(42,543)	-	(42,543)
Net position, beginning of the year, as restated				10,099,944	10,885,631	20,985,575
Net position, end of the year				<u>\$ 12,025,465</u>	<u>\$ 11,325,920</u>	<u>\$ 23,351,385</u>

See accompanying notes to financial statements.

**WATERTOWN CHARTER TOWNSHIP  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
DECEMBER 31, 2024**

	General	Fire and EMS	ARPA Grant	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 962,489	\$ 262,990	\$ -	\$ -	\$ 1,225,479
Investments	9,214,692	-	-	217,167	9,431,859
Receivables, net					
Accounts	87,686	-	-	-	87,686
Taxes	1,048,277	345,807	-	-	1,394,084
Special assessments	46,291	-	-	84,406	130,697
Contracts	1,066,300	-	-	-	1,066,300
Due from other governmental units	123,830	3,497	-	-	127,327
Due from other funds	83,776	-	-	-	83,776
Prepays	16,371	-	-	-	16,371
<b>TOTAL ASSETS</b>	<b>\$ 12,649,712</b>	<b>\$ 612,294</b>	<b>\$ -</b>	<b>\$ 301,573</b>	<b>\$ 13,563,579</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 13,243	\$ -	\$ -	\$ -	\$ 13,243
Accrued wages	37,043	-	-	-	37,043
Due to other funds	-	-	-	83,776	83,776
Other liabilities	4,852	-	-	-	4,852
<b>TOTAL LIABILITIES</b>	<b>55,138</b>	<b>-</b>	<b>-</b>	<b>83,776</b>	<b>138,914</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes levied for subsequent year	1,937,252	612,294	-	-	2,549,546
Unavailable revenue	1,108,820	-	-	77,147	1,185,967
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,046,072</b>	<b>612,294</b>	<b>-</b>	<b>77,147</b>	<b>3,735,513</b>
<b>FUND BALANCES</b>					
Nonspendable	16,371	-	-	-	16,371
Committed	3,665,685	-	-	140,650	3,806,335
Assigned	2,473,598	-	-	-	2,473,598
Unassigned	3,392,848	-	-	-	3,392,848
<b>TOTAL FUND BALANCES</b>	<b>9,548,502</b>	<b>-</b>	<b>-</b>	<b>140,650</b>	<b>9,689,152</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 12,649,712</b>	<b>\$ 612,294</b>	<b>\$ -</b>	<b>\$ 301,573</b>	<b>\$ 13,563,579</b>

See accompanying notes to financial statements.

**WATERTOWN CHARTER TOWNSHIP  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2024**

<b>Total fund balances - governmental funds</b>	<b>\$ 9,689,152</b>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 715,383	
Accumulated depreciation is	<u>(353,268)</u>	

Capital assets, net	362,115
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Equity interest in the Looking Glass Regional Fire Authority is not a current financial resource and therefore is not reported as an asset in the governmental funds.	906,900
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Long-term receivables are not available to pay for current period expenditures and are therefore unavailable in the funds.	1,185,967
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:

Compensated absences	<u>(118,669)</u>
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<b>Net position of governmental activities</b>	<b><u><u>\$ 12,025,465</u></u></b>
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**WATERTOWN CHARTER TOWNSHIP  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2024**

	General	Fire and EMS	ARPA Grant	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	\$ 1,853,388	\$ 571,734	\$ -	\$ -	\$ 2,425,122
Special assessments	35,665	-	-	9,070	44,735
Licenses and permits	425,998	-	-	-	425,998
Intergovernmental	680,059	3,497	576,097	-	1,259,653
Charges for services	39,199	-	-	-	39,199
Interest and rents	522,240	-	-	12,270	534,510
Other	29,027	-	-	-	29,027
<b>TOTAL REVENUES</b>	<b>3,585,576</b>	<b>575,231</b>	<b>576,097</b>	<b>21,340</b>	<b>4,758,244</b>
EXPENDITURES					
Current					
General government	1,442,037	-	-	-	1,442,037
Public safety	11,891	623,901	-	-	635,792
Public works	401,870	-	-	-	401,870
Community and economic development	353,614	-	-	-	353,614
Recreation and culture	9,839	-	-	-	9,839
Capital outlay	8,899	-	-	-	8,899
<b>TOTAL EXPENDITURES</b>	<b>2,228,150</b>	<b>623,901</b>	<b>-</b>	<b>-</b>	<b>2,852,051</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,357,426</b>	<b>(48,670)</b>	<b>576,097</b>	<b>21,340</b>	<b>1,906,193</b>
OTHER FINANCING SOURCES (USES)					
Transfers in	612,547	48,670	-	-	661,217
Transfers out	(48,670)	-	(576,097)	(36,450)	(661,217)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>563,877</b>	<b>48,670</b>	<b>(576,097)</b>	<b>(36,450)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,921,303</b>	<b>-</b>	<b>-</b>	<b>(15,110)</b>	<b>1,906,193</b>
Fund balances, beginning of year	7,627,199	-	-	155,760	7,782,959
Fund balances, end of year	<u>\$ 9,548,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,650</u>	<u>\$ 9,689,152</u>

See accompanying notes to financial statements.

**WATERTOWN CHARTER TOWNSHIP  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 1,906,193</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Depreciation expense	(28,100)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current year these amounts consist of:

(Decrease) in unavailable revenue	(11,852)
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:

Increase in equity interest in Looking Glass Regional Fire Authority	55,029
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued compensated absences	4,251
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<b>Change in net position of governmental activities</b>	<b>\$ 1,925,521</b>
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**WATERTOWN CHARTER TOWNSHIP  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
DECEMBER 31, 2024**

	Sewage Disposal	Water Extension	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 778,823	\$ 184,862	\$ 963,685
Investments	2,466,250	1,048,493	3,514,743
Receivables			
Accounts	21,436	4,400	25,836
Interest	-	3,246	3,246
Special assessments	1,800	-	1,800
Total current assets	3,268,309	1,241,001	4,509,310
Noncurrent assets			
Investments	1,775,838	-	1,775,838
Equity interest in SCCMUA	1,507,133	-	1,507,133
Capital assets not being depreciated	82,887	-	82,887
Capital assets, net of accumulated depreciation	3,628,809	-	3,628,809
Total noncurrent assets	6,994,667	-	6,994,667
TOTAL ASSETS	10,262,976	1,241,001	11,503,977
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	-	120,440	120,440
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Assessment collections for subsequent periods	-	57,617	57,617
<b>NET POSITION</b>			
Investment in capital assets	3,711,696	-	3,711,696
Unrestricted	6,551,280	1,062,944	7,614,224
TOTAL NET POSITION	\$ 10,262,976	\$ 1,062,944	\$ 11,325,920

See accompanying notes to financial statements.

**WATERTOWN CHARTER TOWNSHIP  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2024**

	Sewage Disposal	Water Extension	Total
<b>OPERATING REVENUES</b>			
User fee charges	\$ 689,635	\$ 114,531	\$ 804,166
Hook-up fees and permits	38,500	26,400	64,900
<b>TOTAL OPERATING REVENUES</b>	<b>728,135</b>	<b>140,931</b>	<b>869,066</b>
<b>OPERATING EXPENSES</b>			
Administrative charges	5,513	21	5,534
Sewage plant administration	527,078	-	527,078
Other operating costs	-	120,441	120,441
Depreciation	171,035	-	171,035
<b>TOTAL OPERATING EXPENSES</b>	<b>703,626</b>	<b>120,462</b>	<b>824,088</b>
<b>OPERATING INCOME</b>	<b>24,509</b>	<b>20,469</b>	<b>44,978</b>
<b>NONOPERATING REVENUES</b>			
Investment income	207,914	52,937	260,851
Change in equity interest in SCCMUA	134,460	-	134,460
<b>TOTAL NONOPERATING REVENUES</b>	<b>342,374</b>	<b>52,937</b>	<b>395,311</b>
<b>CHANGE IN NET POSITION</b>	<b>366,883</b>	<b>73,406</b>	<b>440,289</b>
Net position, beginning of year	9,896,093	989,538	10,885,631
Net position, end of year	<u>\$ 10,262,976</u>	<u>\$ 1,062,944</u>	<u>\$ 11,325,920</u>

See accompanying notes to financial statements.

**WATERTOWN CHARTER TOWNSHIP  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2024**

	Sewage Disposal	Water Extension	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 750,463	\$ 171,656	\$ 922,119
Cash paid to suppliers for goods and services	<u>(532,591)</u>	<u>(116,106)</u>	<u>(648,697)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>217,872</u>	<u>55,550</u>	<u>273,422</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from (paid to) other funds	<u>180,263</u>	<u>(2,200)</u>	<u>178,063</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Maturity of investments	1,005,098	-	1,005,098
Purchase of investments	(1,354,497)	(43,698)	(1,398,195)
Investment income	<u>191,632</u>	<u>46,602</u>	<u>238,234</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(157,767)</u>	<u>2,904</u>	<u>(154,863)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	240,368	56,254	296,622
Cash and cash equivalents, beginning of year	<u>538,455</u>	<u>128,608</u>	<u>667,063</u>
Cash and cash equivalents, end of year	<u><u>\$ 778,823</u></u>	<u><u>\$ 184,862</u></u>	<u><u>\$ 963,685</u></u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 24,509	\$ 20,469	\$ 44,978
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	171,035	-	171,035
Decrease (increase) in:			
Accounts receivable	22,328	(2,200)	20,128
Increase in:			
Accounts payable	-	4,356	4,356
Assessment collections for subsequent periods	<u>-</u>	<u>32,925</u>	<u>32,925</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 217,872</u></u>	<u><u>\$ 55,550</u></u>	<u><u>\$ 273,422</u></u>

Note: The Township adjusted its equity interest in Southern Clinton County Municipal Utilities Authority (SCCMUA) operations in the Sewage Disposal Fund by \$134,460 to reflect the 2024 activity at SCCMUA.

See accompanying notes to financial statements.

**WATERTOWN CHARTER TOWNSHIP  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2024**

	Custodial Funds
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 3,156,563</u>
<b>LIABILITIES</b>	
Undistributed tax collections	<u>3,093,079</u>
<b>NET POSITION</b>	
Restricted for individuals and agencies	<u><u>\$ 63,484</u></u>

See accompanying notes to financial statements.

**WATERTOWN CHARTER TOWNSHIP  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED DECEMBER 31, 2024**

	<u>Custodial Funds</u>
ADDITIONS	
Collection of taxes for other governments	<u>\$ 14,890,230</u>
DEDUCTIONS	
Payment of taxes collected for other governments	<u>14,890,230</u>
Net change in fiduciary net position	-
Net position, beginning of year	<u>63,484</u>
Net position, end of year	<u><u>\$ 63,484</u></u>

See accompanying notes to financial statements.

## **WATERTOWN CHARTER TOWNSHIP NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Watertown Charter Township, Michigan (the Township), was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen townships in Clinton County. The Township operates under an appointed Township Manager and an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and four Trustees and provides services to its residents in many areas including general government, highways and streets, fire protection, law enforcement, and sewer utility services.

The financial statements of the Township have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Township's more significant accounting policies are described below.

#### Reporting Entity

These financial statements present the financial activities of the Township (primary government). The Township has no activities that would be classified as component units.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of the Township contain all the funds controlled by the Township Board.

#### Joint Ventures

##### *Southern Clinton County Municipal Utilities Authority (SCCMUA)*

The purpose of SCCMUA is to operate, maintain, administer, and manage a sewage disposal system for the benefit of the constituent municipalities.

The governing body of SCCMUA is appointed by the constituent municipalities, and representation is based upon the purchased capacity of each municipality. The Township is currently represented by two of the ten members of SCCMUA's board. The annual budget of the SCCMUA is submitted to the constituent municipalities and must be approved by a 2/3 vote of the members-elect of SCCMUA.

The members of SCCMUA and approximate percentage of ownership are as follows:

DeWitt Charter Township	56%
Bath Charter Township	17%
Watertown Charter Township	16%
City of DeWitt	11%



**WATERTOWN CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Joint Ventures (continued)

*Southern Clinton County Municipal Utilities Authority (SCCMUA) (continued)*

As of December 31, 2024, the date of the most recent audit report for SCCMUA, the Township's share of the Authority's net position was \$1,507,133. For the year ended December 31, 2024, the Township contributed \$527,078 to cover its share of operational costs and reserve activities. Separate financial statements for the Southern Clinton County Municipal Utilities Authority are available at the office of the Authority at 3671 W. Herbison Road, DeWitt, MI 48820.

*Looking Glass Regional Fire Authority*

The Township created a joint fire department with Eagle Township to be known as the Looking Glass Regional Fire Authority. The Authority provides fire protection services to the entire geographical area comprising Eagle Township and Watertown Charter Township and may contract with other municipalities to provide fire protection services. Currently, the Authority is funded primarily through contributions from Watertown Charter Township (65%) and Eagle Township (35%). As of December 31, 2024, the date of the most recent audit report for the Authority, the Township's share of the Authority's net position was \$906,900. During the year ended December 31, 2024, the Township contributed \$623,901 to the Authority. Separate financial statements for the Looking Glass Regional Fire Authority are available at the office of the Authority at 7720 W. Grand River Avenue, Grand Ledge, MI 48837.

Basis of Presentation

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

## WATERTOWN CHARTER TOWNSHIP NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Basis of Presentation (continued)

#### FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major funds and aggregated nonmajor funds. 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. The major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

The Township reports the following *Major Governmental Funds*:

- The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- The *Fire and EMS Fund* is used to account for public safety activities within the Township. Funding is provided in part through a local property tax levy.
- The *ARPA Grant Fund* is used to account for the restricted resources provided by the American Rescue Plan Act.

The Township reports the following *Major Enterprise Funds*:

- The *Sewage Disposal Fund* is used to account for the operations required to provide sewer services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.
- The *Water Extension Fund* accounts for the operations and debt payments of the government's water distribution system, the costs (expenses) are financed or recovered primarily through user charges.

Additionally, the Township reports the following *Fund Types*:

- *Capital Projects Funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- The *Custodial Funds* are fiduciary funds and account for escrow deposits and property tax collections held for other individuals and agencies.

#### Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

**WATERTOWN CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Measurement Focus (continued)

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both “measurable” and “available to finance expenditures of the current period”). The length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues which are considered measurable, but not available, are recorded as a receivable and unavailable revenue. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period. Significant revenues susceptible to accrual include certain inter-governmental revenues and charges for services. Most licenses and permits, fines and forfeits, and miscellaneous revenue sources generally are recorded as revenues when received in cash because they are not measurable until actually received. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

The proprietary and custodial funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues 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 revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

If/when both restricted and unrestricted resources are available for use, it is the Township’s policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The General Fund and major special revenue fund budgets shown as required supplementary information were prepared on a basis consistent with U.S. generally accepted accounting principles and the same modified accrual basis used to reflect actual results. The budget is legally adopted at the departmental level for the General Fund and the total expenditure level for the Special Revenue Funds.

**WATERTOWN CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Budgets and Budgetary Accounting (continued)

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

- a. Prior to September 1, the Township Manager submits a proposed operating budget for the fiscal year commencing the following January 1 to the Township Board. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
- c. Prior to December 31, the budget is adopted through passage of a Board resolution. After the budget is adopted all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity must be approved by the Township Board.
- d. Formal budgetary integration is employed as a management control device during the year.
- e. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at December 31 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments include pooled investment funds, U.S. Government Securities, and certificates of deposit with an original maturity of greater than three months from the date of acquisition. Investments are stated at fair value.

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or any agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.

**WATERTOWN CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Cash, Cash Equivalents, and Investments (continued)

- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Receivables

Receivables consist of amounts due from various individuals, governments, and businesses related to charges for services, amounts owed to the Township from special assessments, grants, and taxes levied that have not been collected.

Property Tax

The Township bills and collects its own property taxes and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Property taxes are levied twice per year. A summer tax is levied on July 1, and a winter tax is levied on December 1. The tax levies are due September 14 and February 14, respectively. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Clinton County Treasurer on March 1 of the year following the levy. The Clinton County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection.

The Township's property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Although the Township's 2024 tax is levied and collectible on December 1, 2024, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of Township operations.

The Township is permitted to levy up to \$4.3814 per \$1,000 of taxable valuation for general governmental services and additional amounts for special services. For the year ended December 31, 2024, the Township levied 4.3814 mills for general governmental services and 1.5000 mills for fire and EMS services in December 2023. The total taxable value for the 2023 levy for the property within the Township was \$381,048,644.

**WATERTOWN CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental and business-type activities columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition cost on the date of donation.

Land and construction in progress are not depreciated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	15-40 years
Buildings and improvements	15-40 years
Sewage disposal system	34-40 years
Equipment	3-10 years

Deferred Inflows of Resources

In addition to liabilities, the balance sheet and the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance/net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then.

The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting, from special assessments receivable. 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 in the government-wide financial statements and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods. In addition, deferred inflows of resources are reported in the government-wide and proprietary fund financial statements for special assessment collections on fire hydrant districts that were intended to cover the annual fire hydrant maintenance fees for the following year.

Compensated Absences

The Township recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences, including salary-related benefits (if applicable) is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements.

**WATERTOWN CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Fund Balance Classifications

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five fund balance classifications:

*Nonspendable* - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

*Restricted* - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

*Committed* - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

*Assigned* - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

*Unassigned* - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

For committed fund balance, Watertown Charter Township's highest level of decision-making authority is the Board of Trustees. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.

For assigned fund balance, the Township Board of Trustees is authorized to assign amounts to a specific purpose. The authorization has been delegated by the Township Trustees to the Township Manager.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance (if applicable), and finally unassigned fund balance.

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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. The Township utilizes various investment instruments which are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**WATERTOWN CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

As of December 31, 2024, the Township had deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State law does not require, and the Township does not have, a policy for deposit custodial credit risk. As of December 31, 2024, \$5,549,017 of the Township's bank balance of \$13,554,204 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$13,770,036. The Township also had \$709 of cash on hand at year-end.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require, and the Township does not have, a policy for investment custodial credit risk. None of the Township's investments were exposed to custodial credit risk at year-end.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As of December 31, 2024, the Township's investment in the Michigan CLASS Investment Pool was rated AAAM by S&P Global Ratings, the Township's investment in the Michigan CLASS EDGE Investment Pool was rated AA+ by FitchRatings, and the Township's investments in FFCB Consolidated Systemwide Bonds were rated AA+ by S&P Global Ratings.

Interest Rate Risk

State law limits the allowable investments and the maturities of some of the allowable investments as identified in the accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Maturities of investments, where applicable, have been identified below for the Township's investments.

	Fair Value	Weighted Average Maturity
Michigan CLASS Investment Pool	\$ 3,329,761	< 60 days
Michigan CLASS EDGE Investment Pool	2,393,680	> 60 days
U.S. Agencies		
FFCB Consolidated Systemwide Bonds	573,981	1.35 years
Total	<u>\$ 6,297,422</u>	



**WATERTOWN CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Concentration of Credit Risk

State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the accounting policies. The Township's investment policy does not have specific limits in excess of state law on concentration of credit risk.

Foreign Currency Risk

The Township is not authorized to invest in investments which have this type of risk.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable and minimize the use of unobservable inputs. There are three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others.
- Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

As of December 31, 2024, the carrying amount and fair value for each investment type are as follows:

	Fair Value Measurements			Total
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
FFCB Consolidated Systemwide Bonds	\$ -	\$ 573,981	\$ -	\$ 573,981

**WATERTOWN CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Investments in Entities that Calculate Net Asset Value per Share

The Township holds shares or interests in the Michigan CLASS and Michigan CLASS EDGE investment pools where the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. The Michigan CLASS investment pools invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended December 31, 2024, 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>
Michigan CLASS	\$ 3,329,761	\$ -	No restrictions	None
Michigan CLASS EDGE	<u>2,393,680</u>	<u>-</u>	No restrictions	None
	<u><u>\$ 5,723,441</u></u>	<u><u>\$ -</u></u>		

The cash, cash equivalents, and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of December 31, 2024:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,189,164	\$ 3,156,563	\$ 5,345,727
Investments - current	9,787,270	-	9,787,270
Investments - noncurrent	<u>4,935,170</u>	<u>-</u>	<u>4,935,170</u>
	<u><u>\$ 16,911,604</u></u>	<u><u>\$ 3,156,563</u></u>	<u><u>\$ 20,068,167</u></u>

**WATERTOWN CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers.

Transfers to General Fund from:	
ARPA Grant Fund	\$ 576,097
Nonmajor governmental funds	<u>36,450</u>
	<u>\$ 612,547</u>
Transfers to Fire and EMS Fund from:	
General Fund	<u>\$ 48,670</u>

Transfers from the General Fund were used to move unrestricted resources to finance operating costs that the Township must account for in other funds. Transfers from the ARPA Grant Fund were used to move ARPA Grant revenue to the General Fund for lost revenue replacement. Transfers from the nonmajor governmental funds were used to move the financial resources of the Cemetery Improvement Fund to the General Fund.

**NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances as of December 31, 2024, was as follows:

Due to General Fund from:	
Nonmajor governmental funds	<u>\$ 83,776</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

**WATERTOWN CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2024, was as follows:

	Balance Jan. 1, 2024	Additions	Deletions	Balance Dec. 31, 2024
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 110,940	\$ -	\$ -	\$ 110,940
Capital assets being depreciated				
Land improvements	103,375	-	-	103,375
Buildings and improvements	330,994	-	-	330,994
Equipment	180,492	-	(10,418)	170,074
Total capital assets being depreciated	614,861	-	(10,418)	604,443
Less accumulated depreciation for:				
Land improvements	(36,177)	(2,584)	-	(38,761)
Buildings and improvements	(196,829)	(8,962)	-	(205,791)
Equipment	(102,580)	(16,554)	10,418	(108,716)
Total accumulated depreciation	(335,586)	(28,100)	10,418	(353,268)
Net capital assets being depreciated	279,275	(28,100)	-	251,175
Net capital assets	<u>\$ 390,215</u>	<u>\$ (28,100)</u>	<u>\$ -</u>	<u>\$ 362,115</u>

Depreciation expense was changed to the following governmental activities:

General government	\$ 21,568
Recreation and culture	3,660
Public works	<u>2,872</u>
	<u>\$ 28,100</u>

**WATERTOWN CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - CAPITAL ASSETS (continued)**

	Balance Jan. 1, 2024	Additions	Deletions	Balance Dec. 31, 2024
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 82,887	\$ -	\$ -	\$ 82,887
Capital assets being depreciated				
Sewage disposal system	8,794,385	-	-	8,794,385
Less accumulated depreciation for:				
Sewage disposal system	(4,994,541)	(171,035)	-	(5,165,576)
Net capital assets being depreciated	3,799,844	(171,035)	-	3,628,809
Net capital assets	<u>\$ 3,882,731</u>	<u>\$ (171,035)</u>	<u>\$ -</u>	<u>\$ 3,711,696</u>

Depreciation expense was changed to the following business-type activities:

Sewage disposal	<u>\$ 171,035</u>
-----------------	-------------------

**NOTE 6 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations (including current portion) of the Township for the year ended December 31, 2024:

	Restated Balance Jan. 1, 2024	Net Change	Balance Dec. 31, 2024	Amount Due Within One Year
Governmental Activities				
Other long-term obligations				
Compensated absences	\$ 122,920	\$ (4,251)	\$ 118,669	\$ 76,940

**Compensated Absences**

In accordance with the Township personnel policies and/or contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$118,669 for vacation and sick at December 31, 2024. Of this amount, \$76,940 has been reported as a current liability and \$41,729 has been reported as a noncurrent liability.

## **WATERTOWN CHARTER TOWNSHIP NOTES TO FINANCIAL STATEMENTS**

### **NOTE 7 - DEFINED CONTRIBUTION PENSION PLAN**

The Watertown Charter Township Group Pension Plan is a defined contribution pension plan established by the Township to provide retirement benefits to all participating full-time employees of the Township. The Township has an agreement with Michigan Employees Retirement System (MERS) to administer the Plan. Plan provisions and contribution requirements are established and may be amended by the Township Board. The Township is required to contribute from 8% of employee gross earnings, and the Township matches employee contributions up to 6%. Employee contributions are optional. Employee contributions vest immediately, whereas employer contributions vest at a rate of 20% per year.

For the year ended December 31, 2024, the Township's contributions to the Plan totaled \$128,351.

### **NOTE 8 - RISK MANAGEMENT**

The Township participates in the Michigan Township Participating Plan (the Plan) with other municipalities for auto, employee benefits, property, public officials, electronic data processing (EDP), crime, inland marine, boiler and machinery, and liability losses. The Plan is organized under Public Act 138 of 1982, as amended. The Plan, while it operates under the Michigan Legislation of Public Act 138, does not operate as a risk pool due to the transfer of risk to U.S. Specialty Insurance Company ("USSIC") backing the Michigan Township Participating Plan under a master policy. Due to this Master Policy purchase, there is no pooling of risk between members but instead it is commercial insurance. Settled claims relating to this insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Township participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Township has not been informed of any special assessments being required.

### **NOTE 9 - CONTINGENT LIABILITY**

The Township participates in a number of grant programs which are subject to compliance audits and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

### **NOTE 10 - STATE CONSTRUCTION CODE ACT COMPLIANCE**

Public Act 245 of 1999 amended the State Construction Act to require Michigan municipal governments to establish fees that bear a reasonable relationship to the cost of operating their building departments, effective January 1, 2000. The Township has elected to record this activity in the General Fund.

**WATERTOWN CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - STATE CONSTRUCTION CODE ACT COMPLIANCE (continued)**

The following is the required information as it relates to the building department for the year ended December 31, 2024:

REVENUES	
Building fee revenue	\$ 230,092
EXPENDITURES	
Planning and zoning	<u>353,614</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(123,522)
PRIOR CUMULATIVE EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(604,861)</u>
CUMULATIVE EXCESS OF REVENUES (UNDER) EXPENDITURES	<u><u>\$ (728,383)</u></u>

**NOTE 11 - CHANGES IN ACCOUNTING PRINCIPLES**

For the year ended December 31, 2024, the Township implemented GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62* and GASB Statement No. 101, *Compensated Absences*.

**Summary:**

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

**WATERTOWN CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 - CHANGES IN ACCOUNTING PRINCIPLES (continued)**

During the year ended December 31, 2024, a change in accounting principle resulted in adjustments to beginning net position, as follows:

	<u>Governmental Activities</u>
December 31, 2023, net position, as previously presented	\$ 10,142,487
Change in accounting principle	
Adjustment to compensated absences	<u>(42,543)</u>
December 31, 2023, net position, as restated	<u><u>\$ 10,099,944</u></u>

**NOTE 12 - DETAILS OF FUND BALANCE CLASSIFICATIONS**

Fund balance classifications as of December 31, 2024 were:

	General Fund	Fire and EMS Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total
Nonspendable					
Prepays	\$ 16,371	\$ -	\$ -	\$ -	\$ 16,371
Committed					
Parks	142,900	-	-	-	142,900
Other properties	126,300	-	-	-	126,300
Office building and grounds	866,365	-	-	-	866,365
Roads and bridges	871,386	-	-	-	871,386
Fire expenditures and capital improvements	1,167,147	-	-	-	1,167,147
Legal expenditures	242,500	-	-	-	242,500
Capital projects	70,000	-	-	-	70,000
Other purposes	172,299	-	-	-	172,299
Township improvement revolving	-	-	-	140,650	140,650
Cemetery improvement	6,788	-	-	-	6,788
Total committed	<u>3,665,685</u>	<u>-</u>	<u>-</u>	<u>140,650</u>	<u>3,806,335</u>
Assigned					
Township hall	<u>2,473,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,473,598</u>
Unassigned	<u>3,392,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,392,848</u>
TOTAL FUND BALANCES	<u><u>\$ 9,548,502</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 140,650</u></u>	<u><u>\$ 9,689,152</u></u>



**WATERTOWN CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
  - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
    - 1) Overview of the Financial Statements,
    - 2) Financial Summary,
    - 3) Detailed Analyses,
    - 4) Significant Capital Asset and Long-Term Financing Activity,
    - 5) Currently Known Facts, Decisions, or Conditions;
  - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
  - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
  - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
  - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026 fiscal year.

**WATERTOWN CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)**

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026 fiscal year.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WATERTOWN CHARTER TOWNSHIP  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 1,873,872	\$ 1,873,872	\$ 1,853,388	\$ (20,484)
Special assessments	34,627	34,627	35,665	1,038
Licenses and permits	189,910	356,910	425,998	69,088
Intergovernmental	644,000	644,000	680,059	36,059
Charges for services	21,990	21,990	39,199	17,209
Interest and rents	42,800	42,800	522,240	479,440
Other	47,365	47,365	29,027	(18,338)
<b>TOTAL REVENUES</b>	<b>2,854,564</b>	<b>3,021,564</b>	<b>3,585,576</b>	<b>564,012</b>
<b>EXPENDITURES</b>				
Current				
General government				
Township board	72,134	72,134	48,432	23,702
Supervisor	43,883	44,883	43,722	1,161
Board of review	2,403	2,403	886	1,517
Clerk	147,521	153,521	147,267	6,254
Attorney	15,000	15,000	6,230	8,770
Treasurer	149,030	151,030	147,091	3,939
Assessor	91,981	91,981	91,657	324
Elections	32,300	38,300	38,891	(591)
Building and grounds	241,002	241,002	173,416	67,586
General services administration	774,375	774,375	703,420	70,955
Other property	51,100	51,100	39	51,061
Insurance and bonds	43,895	48,695	40,986	7,709
<b>Total general government</b>	<b>1,664,624</b>	<b>1,684,424</b>	<b>1,442,037</b>	<b>242,387</b>
Public safety				
Public safety and health	4,750	4,750	11,424	(6,674)
Building inspection	731	731	467	264
<b>Total public safety</b>	<b>5,481</b>	<b>5,481</b>	<b>11,891</b>	<b>(6,410)</b>

**WATERTOWN CHARTER TOWNSHIP  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (continued)  
YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES (continued)				
Current (continued)				
Public works				
Cemetery	\$ 19,308	\$ 31,308	\$ 29,662	\$ 1,646
Drains at large	23,500	23,500	-	23,500
Highways and streets	502,000	502,000	336,743	165,257
Street lighting	31,610	39,710	35,465	4,245
Total public works	576,418	596,518	401,870	194,648
Community and economic development				
Planning and zoning	235,958	402,958	353,614	49,344
Recreation and culture				
Parks and recreation	9,725	11,225	9,839	1,386
Capital outlay	546,000	546,000	8,899	537,101
TOTAL EXPENDITURES	3,038,206	3,246,606	2,228,150	1,018,456
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(183,642)	(225,042)	1,357,426	1,582,468
OTHER FINANCING SOURCES (USES)				
Transfers in	-	41,400	612,547	571,147
Transfers out	(175,828)	(175,828)	(48,670)	127,158
TOTAL OTHER FINANCING SOURCES (USES)	(175,828)	(134,428)	563,877	698,305
NET CHANGE IN FUND BALANCE	(359,470)	(359,470)	1,921,303	2,280,773
Fund balance, beginning of year	7,627,199	7,627,199	7,627,199	-
Fund balance, end of year	<u>\$ 7,267,729</u>	<u>\$ 7,267,729</u>	<u>\$ 9,548,502</u>	<u>\$ 2,280,773</u>

**WATERTOWN CHARTER TOWNSHIP  
FIRE AND EMS FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 571,572	\$ 571,572	\$ 571,734	\$ 162
Intergovernmental	<u>-</u>	<u>-</u>	<u>3,497</u>	<u>3,497</u>
TOTAL REVENUES	<u>571,572</u>	<u>571,572</u>	<u>575,231</u>	<u>3,659</u>
EXPENDITURES				
Current				
Public safety	<u>747,400</u>	<u>747,400</u>	<u>623,901</u>	<u>123,499</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(175,828)</u>	<u>(175,828)</u>	<u>(48,670)</u>	<u>127,158</u>
OTHER FINANCING SOURCES				
Transfers in	<u>175,828</u>	<u>175,828</u>	<u>48,670</u>	<u>(127,158)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**WATERTOWN CHARTER TOWNSHIP  
ARPA GRANT FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 576,097</u>	<u>\$ 576,097</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>576,097</u>	<u>576,097</u>
OTHER FINANCING (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>(576,097)</u>	<u>(576,097)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**WATERTOWN CHARTER TOWNSHIP  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2024**

**NOTE 1 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The Township's budgeted expenditures have been shown at the functional classification level for the General Fund and the major Special Revenue Funds. The approved budget of the Township has been adopted at the department level for the General Fund and the total expenditure level for the Special Revenue Funds.

During the year ended December 31, 2024, the Township incurred expenditures in excess of the amounts appropriated as follows:

	<u>Amount Appropriated</u>	<u>Amount Expended</u>	<u>Variance</u>
General Fund			
General government			
Elections	\$ 38,300	\$ 38,891	\$ 591
Public safety			
Public safety and health	4,750	11,424	6,674
ARPA Fund	-	576,097	576,097



## **OTHER SUPPLEMENTARY INFORMATION**

**WATERTOWN CHARTER TOWNSHIP  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2024**

	Capital Projects		
	Township Improvement Revolving	Cemetery Improvement	Total
ASSETS			
Investments	\$ 217,167	\$ -	\$ 217,167
Special assessment receivable	84,406	-	84,406
TOTAL ASSETS	<u>\$ 301,573</u>	<u>\$ -</u>	<u>\$ 301,573</u>
LIABILITIES			
Due to other funds	<u>\$ 83,776</u>	<u>\$ -</u>	<u>\$ 83,776</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>77,147</u>	<u>-</u>	<u>77,147</u>
FUND BALANCES			
Committed	<u>140,650</u>	<u>-</u>	<u>140,650</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 301,573</u>	<u>\$ -</u>	<u>\$ 301,573</u>

**WATERTOWN CHARTER TOWNSHIP  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2024**

	Capital Projects		
	Township Improvement Revolving	Cemetery Improvement	Total
REVENUES			
Special assessments	\$ 9,070	\$ -	\$ 9,070
Interest	12,261	9	12,270
TOTAL REVENUES	21,331	9	21,340
EXPENDITURES	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	21,331	9	21,340
OTHER FINANCING (USES)			
Transfers out	-	(36,450)	(36,450)
NET CHANGE IN FUND BALANCES	21,331	(36,441)	(15,110)
Fund balances, beginning of year	119,319	36,441	155,760
Fund balances, end of year	\$ 140,650	\$ -	\$ 140,650

**WATERTOWN CHARTER TOWNSHIP  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2024**

	<u>Custodial Funds</u>		
	<u>Custodial</u>	<u>Current Tax Collections</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$     63,484</u>	<u>\$   3,093,079</u>	<u>\$   3,156,563</u>
<b>LIABILITIES</b>			
Undistributed tax collections	<u>                  -</u>	<u>      3,093,079</u>	<u>      3,093,079</u>
<b>NET POSITION</b>			
Restricted for individuals and agencies	<u><u>\$     63,484</u></u>	<u><u>\$                  -</u></u>	<u><u>\$     63,484</u></u>

**WATERTOWN CHARTER TOWNSHIP  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED DECEMBER 31, 2024**

	<u>Custodial Funds</u>		
	<u>Custodial</u>	<u>Current Tax Collections</u>	<u>Total</u>
ADDITIONS			
Collection of taxes for other governments	\$ -	\$ 14,890,230	\$ 14,890,230
DEDUCTIONS			
Payment of taxes collected for other governments	-	14,890,230	14,890,230
Net change in fiduciary net position	-	-	-
Net position, beginning of year	63,484	-	63,484
Net position, end of year	<u>\$ 63,484</u>	<u>\$ -</u>	<u>\$ 63,484</u>