

WATERTOWN CHARTER TOWNSHIP
REPORT ON FINANCIAL STATEMENTS
(with required and other
supplementary information)
YEAR ENDED DECEMBER 31, 2023

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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, 2023, 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, 2023, 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.

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 twelve 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 22, 2024

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, 2023. 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, 2023:

- Property tax revenue related to the Township's governmental activities increased by \$121,714.
- The Township's governmental funds fund balance increased by \$749,146.
- The Township increased net position in 2023 by \$1,311,764.

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 22-39 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, 2023 and December 31, 2022:

	Governmental Activities		Business-Type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and other assets	\$ 12,873,441	\$ 11,942,655	\$ 7,143,676	\$ 6,474,313	\$ 20,017,117	\$ 18,416,968
Capital assets	390,215	375,656	3,882,731	4,053,766	4,272,946	4,429,422
TOTAL ASSETS	13,263,656	12,318,311	11,026,407	10,528,079	24,290,063	22,846,390
LIABILITIES AND NET POSITION						
LIABILITIES						
Current liabilities	710,512	741,847	116,084	111,195	826,596	853,042
Noncurrent liabilities	24,754	6,466	-	-	24,754	6,466
TOTAL LIABILITIES	735,266	748,313	116,084	111,195	851,350	859,508
DEFERRED INFLOWS OF RESOURCES	2,385,903	2,212,092	24,692	58,436	2,410,595	2,270,528
NET POSITION						
Investment in capital assets	390,215	375,656	3,882,731	4,053,766	4,272,946	4,429,422
Restricted	-	266,991	-	57,092	-	324,083
Unrestricted	9,752,272	8,715,259	7,002,900	6,247,590	16,755,172	14,962,849
TOTAL NET POSITION	\$ 10,142,487	\$ 9,357,906	\$ 10,885,631	\$ 10,358,448	\$ 21,028,118	\$ 19,716,354

Net position may serve over time as a useful indicator of a government's financial position. The Township's assets exceeded liabilities by \$21,028,118 as of December 31, 2023. A portion of the Township's net position (20%) 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 \$16,755,172 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 three 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 \$1,311,764 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 costs.

WATERTOWN CHARTER TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
REVENUE						
Program Revenue						
Charges for service	\$ 684,839	\$ 590,583	\$ 1,068,981	\$ 821,399	\$ 1,753,820	\$ 1,411,982
Operating grants and contributions	140,520	113,187	-	-	140,520	113,187
General Revenue						
Property taxes	2,072,904	1,951,190	-	-	2,072,904	1,951,190
State shared revenue	600,718	708,229	-	-	600,718	708,229
Investment earnings	327,388	8,020	212,716	(3,281)	540,104	4,739
Gain on sale of assets	-	1,224,984	-	-	-	1,224,984
Miscellaneous	9,087	14,054	-	-	9,087	14,054
Transfers	-	-	-	-	-	-
TOTAL REVENUE	3,835,456	4,610,247	1,281,697	818,118	5,117,153	5,428,365
PROGRAM EXPENSES						
General government	1,341,349	1,290,304	-	-	1,341,349	1,290,304
Public safety	730,352	610,993	-	-	730,352	610,993
Public works	617,792	527,635	-	-	617,792	527,635
Community and economic development	349,005	408,377	-	-	349,005	408,377
Recreation and culture	12,377	15,999	-	-	12,377	15,999
Sewer system	-	-	634,338	689,553	634,338	689,553
Water system	-	-	120,176	111,520	120,176	111,520
TOTAL PROGRAM EXPENSES	3,050,875	2,853,308	754,514	801,073	3,805,389	3,654,381
Change in net position	\$ 784,581	\$ 1,756,939	\$ 527,183	\$ 17,045	\$ 1,311,764	\$ 1,773,984

Governmental Activities

Governmental activities increased the Township's net position by \$784,581 during fiscal year 2023. Key elements of this increase are as follows:

The Township's governmental activities' revenues totaled \$3,835,456, a decrease from the prior year governmental activities' revenue of \$4,610,247. The Township's governmental activities revenue sources decreased by 17%. Property taxes increased \$121,714, primarily due to an increase in taxable value.

The Township's governmental activities expenses are associated with providing general government, public safety, public works, community and economic development, and recreation and culture. The Township incurred governmental expenses of \$3,050,875 during 2023, an increase of approximately 7% from 2022.

Business-Type Activities

Business-type activities increased the Township's net position by \$527,183 during fiscal year 2023. 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 (83%) 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, 2023, 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 \$1,308,821 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, 2023, 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 did not incur any expenditures. In November, the Board of Trustees approved a plan to utilize this funding. At December 31, 2023, 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 \$6,013,362 and \$989,538, respectively. The increase in net position for the Sewage Disposal Fund for the fiscal year was \$466,158. Net position for the Water Extension Fund increased by \$61,025 in 2023. 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 \$139,500 to account for additional licenses and permits. Actual revenues and other financing sources came in \$105,239 less than the amended budget due to a portion of tax revenue being recorded in a different fund as well as additional interest earned this year. Budgetary basis expenditures were increased \$162,552, primarily for additional planning and zoning activities. Actual expenditures and other financing uses came in \$1,726,486 under budget, due to recording public safety and health expenditures in the newly created Fire and EMS Fund and less highway and street maintenance costs than anticipated.

Capital Asset and Debt Administration

Capital Assets. At the end of the fiscal year, the Township had approximately \$9,603,073 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 on page 34 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 increased by \$12,400. Refer to Note 6 on page 35 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 2024 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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,369,583	\$ 667,063	\$ 2,036,646
Investments	4,662,922	4,105,506	8,768,428
Receivables	1,843,363	51,010	1,894,373
Due from other governmental units	134,953	-	134,953
Internal balances	(178,063)	178,063	-
Prepays	13,907	-	13,907
Total current assets	7,846,665	5,001,642	12,848,307
Noncurrent assets			
Investments	3,024,198	769,361	3,793,559
Equity interest in joint ventures	851,871	1,372,673	2,224,544
Special assessments	84,406	-	84,406
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	279,275	3,799,844	4,079,119
Total noncurrent assets	5,416,991	6,024,765	11,441,756
TOTAL ASSETS	13,263,656	11,026,407	24,290,063
LIABILITIES			
Current liabilities			
Accounts payable	39,076	116,084	155,160
Accrued liabilities	39,716	-	39,716
Unearned revenue	576,097	-	576,097
Current portion of compensated absences	55,623	-	55,623
Total current liabilities	710,512	116,084	826,596
Noncurrent liabilities			
Noncurrent portion of compensated absences	24,754	-	24,754
TOTAL LIABILITIES	735,266	116,084	851,350
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent year	2,385,903	-	2,385,903
Assessment collections for subsequent periods	-	24,692	24,692
TOTAL DEFERRED INFLOWS OF RESOURCES	2,385,903	24,692	2,410,595
NET POSITION			
Investment in capital assets	390,215	3,882,731	4,272,946
Unrestricted	9,752,272	7,002,900	16,755,172
TOTAL NET POSITION	\$ 10,142,487	\$ 10,885,631	\$ 21,028,118

See accompanying notes to financial statements.

**WATERTOWN CHARTER TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities						
General government	\$ 1,341,349	\$ 163,930	\$ 72,684	\$ (1,104,735)	\$ -	\$ (1,104,735)
Public safety	730,352	70,952	6,783	(652,617)	-	(652,617)
Public works	617,792	223,669	61,053	(333,070)	-	(333,070)
Community and economic development	349,005	219,018	-	(129,987)	-	(129,987)
Recreation and culture	12,377	7,270	-	(5,107)	-	(5,107)
Total governmental activities	3,050,875	684,839	140,520	(2,225,516)	-	(2,225,516)
Business-type activities						
Sewage disposal	634,338	937,267	-	-	302,929	302,929
Water extension	120,176	131,714	-	-	11,538	11,538
Total business-type activities	754,514	1,068,981	-	-	314,467	314,467
TOTAL	<u>\$ 3,805,389</u>	<u>\$ 1,753,820</u>	<u>\$ 140,520</u>	<u>(2,225,516)</u>	<u>314,467</u>	<u>(1,911,049)</u>
General revenues						
Property taxes				2,072,904	-	2,072,904
State shared revenue				600,718	-	600,718
Investment earnings				327,388	212,716	540,104
Miscellaneous				9,087	-	9,087
Total general revenues				3,010,097	212,716	3,222,813
Change in net position				784,581	527,183	1,311,764
Net position, beginning of the year				9,357,906	10,358,448	19,716,354
Net position, end of the year				<u>\$ 10,142,487</u>	<u>\$ 10,885,631</u>	<u>\$ 21,028,118</u>

See accompanying notes to financial statements.

**WATERTOWN CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2023**

	General	Fire and EMS	ARPA Grant	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 552,394	\$ 148,264	\$ 576,097	\$ 92,828	\$ 1,369,583
Investments	7,453,842	-	-	233,278	7,687,120
Receivables					
Accounts	92,022	-	-	-	92,022
Taxes	1,288,254	416,687	-	-	1,704,941
Special assessments	35,665	-	-	94,323	129,988
Contracts	1,067,119	-	-	-	1,067,119
Due from other governmental units	128,170	6,783	-	-	134,953
Due from other funds	2,200	-	-	-	2,200
Prepays	13,907	-	-	-	13,907
TOTAL ASSETS	\$ 10,633,573	\$ 571,734	\$ 576,097	\$ 420,429	\$ 12,201,833
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 39,076	\$ -	\$ -	\$ -	\$ 39,076
Accrued wages	33,804	-	-	-	33,804
Due to other funds	-	-	-	180,263	180,263
Other liabilities	5,912	-	-	-	5,912
Unearned revenue	-	-	576,097	-	576,097
TOTAL LIABILITIES	78,792	-	576,097	180,263	835,152
DEFERRED INFLOWS OF RESOURCES					
Property taxes levied for subsequent year	1,814,169	571,734	-	-	2,385,903
Unavailable revenue	1,113,413	-	-	84,406	1,197,819
TOTAL DEFERRED INFLOWS OF RESOURCES	2,927,582	571,734	-	84,406	3,583,722
FUND BALANCES					
Nonspendable	13,907	-	-	-	13,907
Committed	3,434,397	-	-	155,760	3,590,157
Assigned	2,093,598	-	-	-	2,093,598
Unassigned	2,085,297	-	-	-	2,085,297
TOTAL FUND BALANCES	7,627,199	-	-	155,760	7,782,959
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 10,633,573	\$ 571,734	\$ 576,097	\$ 420,429	\$ 12,201,833

See accompanying notes to financial statements.

**WATERTOWN CHARTER TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Total fund balances - governmental funds \$ 7,782,959

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	\$	725,801
Accumulated depreciation is		<u>(335,586)</u>

Capital assets, net		390,215
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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.		851,871
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Long-term receivables are not available to pay for current period expenditures and are therefore unavailable in the funds.		1,197,819
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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>(80,377)</u>
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Net position of governmental activities		<u><u>\$ 10,142,487</u></u>
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**WATERTOWN CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2023**

	General	Fire and EMS	ARPA Grant	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	\$ 1,689,957	\$ 528,928	\$ -	\$ -	\$ 2,218,885
Special assessments	35,592	-	-	25,011	60,603
Licenses and permits	419,872	-	-	-	419,872
Intergovernmental	684,734	6,783	-	-	691,517
Charges for services	33,965	-	-	2,730	36,695
Interest and rents	345,797	-	-	11,340	357,137
Other	17,471	-	-	-	17,471
TOTAL REVENUES	3,227,388	535,711	-	39,081	3,802,180
EXPENDITURES					
Current					
General government	1,308,821	-	-	-	1,308,821
Public safety	128,514	601,838	-	-	730,352
Public works	597,705	-	-	48,807	646,512
Community and economic development	345,885	-	-	-	345,885
Recreation and culture	8,718	-	-	-	8,718
Capital outlay	12,746	-	-	-	12,746
TOTAL EXPENDITURES	2,402,389	601,838	-	48,807	3,053,034
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	824,999	(66,127)	-	(9,726)	749,146
OTHER FINANCING SOURCES (USES)					
Transfers in	-	66,127	-	314	66,441
Transfers out	(66,441)	-	-	-	(66,441)
TOTAL OTHER FINANCING SOURCES (USES)	(66,441)	66,127	-	314	-
NET CHANGE IN FUND BALANCES	758,558	-	-	(9,412)	749,146
Fund balances, beginning of year	6,868,641	-	-	165,172	7,033,813
Fund balances, end of year	<u>\$ 7,627,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,760</u>	<u>\$ 7,782,959</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, 2023**

Net change in fund balances - total governmental funds \$ 749,146

Amounts reported for governmental activities in the statement of activities are different

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:

Capital outlay	\$	39,618
Depreciation expense		<u>(25,059)</u>

Excess of capital outlay over depreciation expense	14,559
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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	(19,031)
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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	52,307
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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:

(Increase) in accrued compensated absences	<u>(12,400)</u>
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Change in net position of governmental activities	<u><u>\$ 784,581</u></u>
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**WATERTOWN CHARTER TOWNSHIP
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Sewage Disposal	Water Extension	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 538,455	\$ 128,608	\$ 667,063
Investments	3,107,046	998,460	4,105,506
Receivables			
Accounts	43,764	2,200	45,964
Interest	-	3,246	3,246
Special assessments	1,800	-	1,800
Due from other funds	180,263	-	180,263
Total current assets	3,871,328	1,132,514	5,003,842
Noncurrent assets			
Investments	769,361	-	769,361
Equity interest in SCCMUA	1,372,673	-	1,372,673
Capital assets not being depreciated	82,887	-	82,887
Capital assets, net of accumulated depreciation	3,799,844	-	3,799,844
Total noncurrent assets	6,024,765	-	6,024,765
TOTAL ASSETS	9,896,093	1,132,514	11,028,607
LIABILITIES			
Current liabilities			
Accounts payable	-	116,084	116,084
Due to other funds	-	2,200	2,200
TOTAL LIABILITIES	-	118,284	118,284
DEFERRED INFLOWS OF RESOURCES			
Assessment collections for subsequent periods	-	24,692	24,692
NET POSITION			
Investment in capital assets	3,882,731	-	3,882,731
Unrestricted	6,013,362	989,538	7,002,900
TOTAL NET POSITION	\$ 9,896,093	\$ 989,538	\$ 10,885,631

See accompanying notes to financial statements.

**WATERTOWN CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEAR ENDED DECEMBER 31, 2023**

	Sewage Disposal	Water Extension	Total
OPERATING REVENUES			
User fee charges	\$ 632,707	\$ 116,094	\$ 748,801
Hook-up fees and permits	24,500	15,620	40,120
	<u>657,207</u>	<u>131,714</u>	<u>788,921</u>
TOTAL OPERATING REVENUES			
OPERATING EXPENSES			
Administrative charges	5,833	4,066	9,899
Sewage plant administration	457,470	-	457,470
Other operating costs	-	116,110	116,110
Depreciation	171,035	-	171,035
	<u>634,338</u>	<u>120,176</u>	<u>754,514</u>
TOTAL OPERATING EXPENSES			
OPERATING INCOME	<u>22,869</u>	<u>11,538</u>	<u>34,407</u>
NONOPERATING REVENUES			
Investment income	163,229	49,487	212,716
Change in equity interest in joint venture	280,060	-	280,060
	<u>443,289</u>	<u>49,487</u>	<u>492,776</u>
TOTAL NONOPERATING REVENUES			
CHANGE IN NET POSITION	466,158	61,025	527,183
Net position, beginning of year	<u>9,429,935</u>	<u>928,513</u>	<u>10,358,448</u>
Net position, end of year	<u><u>\$ 9,896,093</u></u>	<u><u>\$ 989,538</u></u>	<u><u>\$ 10,885,631</u></u>

See accompanying notes to financial statements.

**WATERTOWN CHARTER TOWNSHIP
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

	Sewage Disposal	Water Extension	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 649,512	\$ 95,770	\$ 745,282
Cash paid to suppliers for goods and services	<u>(463,303)</u>	<u>(115,287)</u>	<u>(578,590)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>186,209</u>	<u>(19,517)</u>	<u>166,692</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Maturity of investments	754,995	-	754,995
Purchase of investments	(1,356,543)	(164,981)	(1,521,524)
Investment income	<u>151,993</u>	<u>42,716</u>	<u>194,709</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(449,555)</u>	<u>(122,265)</u>	<u>(571,820)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(263,346)	(141,782)	(405,128)
Cash and cash equivalents, beginning of year	<u>801,801</u>	<u>270,390</u>	<u>1,072,191</u>
Cash and cash equivalents, end of year	<u><u>\$ 538,455</u></u>	<u><u>\$ 128,608</u></u>	<u><u>\$ 667,063</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income	\$ 22,869	\$ 11,538	\$ 34,407
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	171,035	-	171,035
(Increase) in:			
Accounts receivable	(7,695)	-	(7,695)
Increase (decrease) in:			
Accounts payable	-	4,889	4,889
Assessment collections for subsequent periods	<u>-</u>	<u>(35,944)</u>	<u>(35,944)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 186,209</u></u>	<u><u>\$ (19,517)</u></u>	<u><u>\$ 166,692</u></u>

Note: The Township adjusted its equity interest in Southern Clinton County Municipal Utilities Authority (SCCMUA) operations in the Sewage Disposal Fund by \$280,060 to reflect the 2023 activity at SCCMUA.

**WATERTOWN CHARTER TOWNSHIP
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 1,640,399</u>
LIABILITIES	
Undistributed tax collections	<u>1,576,915</u>
NET POSITION	
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, 2023**

	<u>Custodial Funds</u>
ADDITIONS	
Collection of taxes for other governments	\$ 10,904,453
Deposits received	<u>49</u>
TOTAL ADDITIONS	<u>10,904,502</u>
DEDUCTIONS	
Payment of taxes collected for other governments	10,904,453
Return of deposits received	<u>1,717</u>
TOTAL DEDUCTIONS	<u>10,906,170</u>
Net change in fiduciary net position	(1,668)
Net position, beginning of year	<u>65,152</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 16 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, 2023, the date of the most recent audit report for SCCMUA, the Township's share of the Authority's net position was \$1,372,673. For the year ended December 31, 2023, the Township contributed \$457,470 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, 2022, the date of the most recent audit report for the Authority, the Township's share of the Authority's net position was \$851,871. During the year ended December 31, 2023, the Township contributed \$601,838 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 intergovernmental 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 2023 tax is levied and collectible on December 1, 2023, 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 service and additional amounts for special services. For the year ended December 31, 2023, the Township levied 4.3814 mills for general governmental services and 1.5000 mills for fire and EMS services in December 2022. The total taxable value for the 2022 levy for the property within the Township was \$353,350,822.

**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.

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
Vehicles	5-10 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

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.

Vested vacation and sick leave earned as of December 31, 2023, including related payroll taxes, is recorded entirely in the government-wide financial statements.

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

Comparative Data

Comparative data for the prior year has not been presented in all funds in the accompanying financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of December 31, 2023, 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, 2023, \$3,731,266 of the Township's bank balance of \$10,015,895 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 \$10,436,590. 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, 2023, 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 AAAs/S1 by FitchRatings, and the Township's investments in FFCB Consolidated Systemwide Bonds were rated AA+ by S&P Global Ratings.

**WATERTOWN CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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.

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Michigan CLASS investment pool	\$ 3,132,643	< 60 days
Michigan CLASS EDGE investment pool	2,298,993	> 60 days
U.S. agencies		
FFCB Consolidated Systemwide Bonds	<u>370,097</u>	2.38 years
Total	<u><u>\$ 5,801,733</u></u>	

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.

**WATERTOWN CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

As of December 31, 2023, 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	\$ -	\$ 370,097	\$ -	\$ 370,097

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

	Fair Value	Unfunded Commitments	Redemption Frequency if Eligible	Redemption Notice Period
Michigan CLASS	\$ 3,132,643	\$ -	No restrictions	None
Michigan CLASS EDGE	2,298,993	-	No restrictions	None
	<u>\$ 5,431,636</u>	<u>\$ -</u>		

**WATERTOWN CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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, 2023:

	Primary Government	Fiduciary Funds	Total
Cash and cash equivalents	\$ 2,036,646	\$ 1,640,399	\$ 3,677,045
Investments - current	8,768,428	-	8,768,428
Investments - noncurrent	3,793,559	-	3,793,559
	<u>\$ 14,598,633</u>	<u>\$ 1,640,399</u>	<u>\$ 16,239,032</u>

NOTE 3 - INTERFUND TRANSFERS

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

Transfer to Fire and EMS Fund from:	
General Fund	<u>\$ 66,127</u>
Transfer to nonmajor governmental funds from:	
General Fund	<u>\$ 314</u>

Transfers were used to move unrestricted resources to finance operating costs that the Township must account for in other funds.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2023 was as follows:

Due to General Fund from:	
Water Extension Fund	<u>\$ 2,200</u>
Due to Sewage Disposal Fund from:	
Nonmajor governmental funds	<u>\$ 180,263</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, 2023, was as follows:

	Balance Jan. 1, 2023	Additions	Deletions	Balance Dec. 31, 2023
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	140,874	39,618	-	180,492
Total capital assets being depreciated	575,243	39,618	-	614,861
Less accumulated depreciation for:				
Land improvements	(33,592)	(2,585)	-	(36,177)
Buildings and improvements	(187,295)	(9,534)	-	(196,829)
Equipment	(89,640)	(12,940)	-	(102,580)
Total accumulated depreciation	(310,527)	(25,059)	-	(335,586)
Net capital assets being depreciated	264,716	14,559	-	279,275
Net capital assets	\$ 375,656	\$ 14,559	\$ -	\$ 390,215

Depreciation expense was changed to the following governmental activities:

General government	\$ 21,400
Recreation and culture	3,659
	<u>\$ 25,059</u>

**WATERTOWN CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - CAPITAL ASSETS (continued)

	Balance Jan. 1, 2023	Additions	Deletions	Balance Dec. 31, 2023
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	(4,823,506)	(171,035)	-	(4,994,541)
Net capital assets being depreciated	3,970,879	(171,035)	-	3,799,844
Net capital assets	\$ 4,053,766	\$ (171,035)	\$ -	\$ 3,882,731

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, 2023:

	Balance Jan. 1, 2023	Additions	Deletions	Balance Dec. 31, 2023	Amount Due Within One Year
Governmental Activities					
Other long-term obligations					
Compensated absences	\$ 67,977	\$ 59,442	\$ (47,042)	\$ 80,377	\$ 55,623

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 \$80,377 for vacation and sick at December 31, 2023. Of this amount, \$55,623 has been reported as a current liability and \$24,754 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, 2023, the Township's contributions to the Plan totaled \$117,119.

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, 2023:

REVENUES	
Building fee revenue	\$ 219,018
EXPENDITURES	
Planning and zoning	<u>345,885</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(126,867)
PRIOR CUMULATIVE EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(477,994)</u>
CUMULATIVE EXCESS OF REVENUES (UNDER) EXPENDITURES	<u><u>\$ (604,861)</u></u>

NOTE 11 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2023, the Township implemented the following new pronouncement: GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

Summary:

For the year ended December 31, 2023, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*, which was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the Township's financial statements after the adoption of GASB Statement No. 96.

**WATERTOWN CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - DETAILS OF FUND BALANCE CLASSIFICATIONS

Fund balance classifications as of December 31, 2023 were:

	General Fund	Fire and EMS Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total
Nonspendable					
Prepays	\$ 13,907	\$ -	\$ -	\$ -	\$ 13,907
Committed					
Parks	124,900	-	-	-	124,900
Other properties	81,300	-	-	-	81,300
Office building and grounds	708,365	-	-	-	708,365
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	168,799	-	-	-	168,799
Township improvement revolving	-	-	-	119,319	119,319
Cemetery improvement	-	-	-	36,441	36,441
Total committed	3,434,397	-	-	155,760	3,590,157
Assigned					
Township hall	2,093,598	-	-	-	2,093,598
Unassigned	2,085,297	-	-	-	2,085,297
TOTAL FUND BALANCES	\$ 7,627,199	\$ -	\$ -	\$ 155,760	\$ 7,782,959

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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 period, (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. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024 fiscal year.

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 earned but not 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 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. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024 fiscal year.

**WATERTOWN CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

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.

REQUIRED SUPPLEMENTARY INFORMATION

**WATERTOWN CHARTER TOWNSHIP
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 2,270,553	\$ 2,270,553	\$ 1,689,957	\$ (580,596)
Special assessments	35,663	35,663	35,592	(71)
Licenses and permits	190,460	329,960	419,872	89,912
Intergovernmental	629,861	629,861	684,734	54,873
Charges for services	21,990	21,990	33,965	11,975
Interest and rents	42,800	42,800	345,797	302,997
Other	1,800	1,800	17,471	15,671
TOTAL REVENUES	3,193,127	3,332,627	3,227,388	(105,239)
EXPENDITURES				
Current				
General government				
Township board	69,910	69,910	45,393	24,517
Supervisor	39,887	39,887	39,646	241
Board of review	2,403	2,403	1,050	1,353
Clerk	125,375	125,375	124,029	1,346
Attorney	15,000	18,000	17,383	617
Treasurer	136,792	136,792	122,525	14,267
Assessor	90,248	90,248	86,862	3,386
Elections	10,300	18,300	14,589	3,711
Building and grounds	277,321	277,323	144,544	132,779
General services administration	714,327	714,327	677,442	36,885
Other property	201,100	201,100	-	201,100
Insurance and bonds	43,895	46,895	35,358	11,537
Total general government	1,726,558	1,740,560	1,308,821	431,739
Public safety				
Public safety and health	669,450	602,450	128,514	473,936
Building inspection	731	731	-	731
Total public safety	670,181	603,181	128,514	474,667

**WATERTOWN CHARTER TOWNSHIP
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (continued)
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES (continued)				
Current (continued)				
Public works				
Cemetery	\$ 18,783	\$ 18,783	\$ 10,667	\$ 8,116
Drains at large	30,000	34,000	23,492	10,508
Highways and streets	752,000	752,000	532,966	219,034
Street lighting	24,950	30,000	30,580	(580)
Total public works	825,733	834,783	597,705	237,078
Community and economic development				
Planning and zoning	229,567	369,067	345,885	23,182
Recreation and culture				
Parks and recreation	9,725	9,725	8,718	1,007
Capital outlay	571,000	571,000	12,746	558,254
TOTAL EXPENDITURES	4,032,764	4,128,316	2,402,389	1,725,927
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(839,637)	(795,689)	824,999	1,620,688
OTHER FINANCING (USES)				
Transfers out	-	(67,000)	(66,441)	559
NET CHANGE IN FUND BALANCE	(839,637)	(862,689)	758,558	1,621,247
Fund balance, beginning of year	6,868,641	6,868,641	6,868,641	-
Fund balance, end of year	\$ 6,029,004	\$ 6,005,952	\$ 7,627,199	\$ 1,621,247

**WATERTOWN CHARTER TOWNSHIP
FIRE AND EMS FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES				
Taxes	\$ -	\$ -	\$ 528,928	\$ 528,928
Intergovernmental	-	-	6,783	6,783
TOTAL REVENUES	-	-	535,711	535,711
EXPENDITURES				
Current				
Public safety	-	-	601,838	(601,838)
EXCESS OF REVENUES (UNDER) EXPENDITURES	-	-	(66,127)	(66,127)
OTHER FINANCING SOURCES				
Transfers in	-	-	66,127	66,127
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WATERTOWN CHARTER TOWNSHIP
ARPA GRANT FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WATERTOWN CHARTER TOWNSHIP
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023**

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, 2023, 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			
Public works			
Street lighting	\$ 30,000	\$ 30,580	\$ 580
Fire and EMS Fund			
Current			
Public safety	-	601,838	601,838

OTHER SUPPLEMENTARY INFORMATION

**WATERTOWN CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2023**

	Capital Projects		
	Township Improvement Revolving	Cemetery Improvement	Total
ASSETS			
Cash and cash equivalents	\$ 83,107	\$ 9,721	\$ 92,828
Investments	206,558	26,720	233,278
Special assessment receivable	94,323	-	94,323
TOTAL ASSETS	\$ 383,988	\$ 36,441	\$ 420,429
LIABILITIES			
Due to other funds	\$ 180,263	\$ -	\$ 180,263
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	84,406	-	84,406
FUND BALANCES			
Committed	119,319	36,441	155,760
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 383,988	\$ 36,441	\$ 420,429

**WATERTOWN CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2023**

	Capital Projects		
	Township		
	Improvement	Cemetery	
	Revolving	Improvement	Total
REVENUES			
Special assessments	\$ 25,011	\$ -	\$ 25,011
Charges for services	-	2,730	2,730
Interest	8,978	2,362	11,340
TOTAL REVENUES	33,989	5,092	39,081
EXPENDITURES			
Current			
Public works	6	48,801	48,807
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	33,983	(43,709)	(9,726)
OTHER FINANCING SOURCES			
Transfers in	270	44	314
NET CHANGE IN FUND BALANCES	34,253	(43,665)	(9,412)
Fund balances, beginning of year	85,066	80,106	165,172
Fund balances, end of year	\$ 119,319	\$ 36,441	\$ 155,760

**WATERTOWN CHARTER TOWNSHIP
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023**

	<u>Custodial Funds</u>		
	<u>Custodial</u>	<u>Current Tax Collections</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	<u>\$ 63,484</u>	<u>\$ 1,576,915</u>	<u>\$ 1,640,399</u>
LIABILITIES			
Undistributed tax collections	<u> -</u>	<u> 1,576,915</u>	<u> 1,576,915</u>
NET POSITION			
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, 2023**

	Custodial Funds		
	Custodial	Current Tax Collections	Total
ADDITIONS			
Collection of taxes for other governments	\$ -	\$ 10,904,453	\$ 10,904,453
Deposits received	49	-	49
	<u>49</u>	<u>-</u>	<u>49</u>
TOTAL ADDITIONS	<u>49</u>	<u>10,904,453</u>	<u>10,904,502</u>
DEDUCTIONS			
Payment of taxes collected for other governments	-	10,904,453	10,904,453
Return of deposits received	1,717	-	1,717
	<u>1,717</u>	<u>-</u>	<u>1,717</u>
TOTAL DEDUCTIONS	<u>1,717</u>	<u>10,904,453</u>	<u>10,906,170</u>
Net change in fiduciary net position	(1,668)	-	(1,668)
Net position, beginning of year	<u>65,152</u>	<u>-</u>	<u>65,152</u>
Net position, end of year	<u>\$ 63,484</u>	<u>\$ -</u>	<u>\$ 63,484</u>