# 2010 CITIZEN'S GUIDE To Watertown Charter Township, Michigan's Financial Health

Dollars and Sense:

How Watertown Charter Township spends your money

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### Welcome

### Dear Citizens,

Welcome to the Watertown Charter Township's 2010 Citizen's Guide. The purpose of this Citizen's Guide and the associated Performance Dashboard is to give readers a better understanding of our government's financial activities. This Citizen's Guide was prepared using information from the audited financial statements for the most recent two fiscal years, and presents the information in a summarized, less technical format. Unlike the financial statements, the Citizen's Guide is unaudited, and does not include the same level of detail or disclosures as do the financial statements.

This Citizen's Guide provides definitions of key financial terms, and gives an analysis of how our government has received and spent resources. In addition, this report includes information on our government's pension liability and debt, available reserves, as well as comparative statistics.

I hope you enjoy reading this report and welcome any comments or questions you may have.

# About Our Township

Watertown Charter Township, located in southwest Clinton County, MI, in a community that is beautiful, historic, affordable, safe, and well planned. The Township's government is committed to providing exemplary public services, making the Township an ideal place for residents, businesses, and tourists.



### **Notable Attractions and Events**

- Friends of the Looking Glass River
- Parks and recreations

#### At a Glance

### Education

- DeWitt, Grand Ledge, Lansing, and St. Johns Public Schools.
- Waverly Community Schools

### Colleges

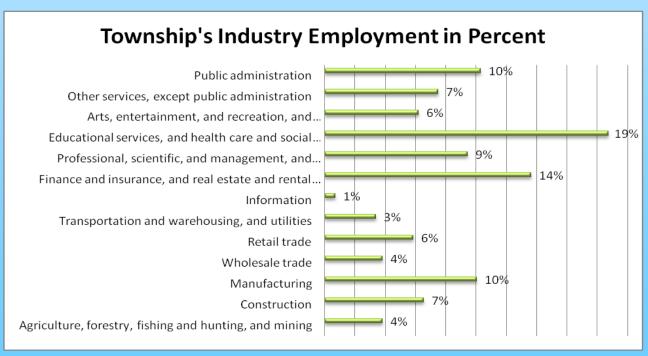
Michigan State University

### Transportation

- Amtrak Station (18 miles)
- ◆ Capital Regional International Airport
- ♦ Highway I-96 and I-69

### Library

DeWitt District Library
Grand Ledge Area District Library



Source: 2010 Census

### Key Terms

Below are a few key terms which may be helpful when reading this report.

Budget deficit/surplus. If there is less money received than paid out in a given fiscal year, there is a budget deficit or shortfall. If there is more money received than paid during the fiscal year, a budget surplus exists.

Debt. Just like a homeowner takes out a mortgage, governments can borrow money to pay for certain types of projects. The Township has both short-term debt (paid back within the fiscal year) and long-term debt. Debt can be either general obligation debt, meaning that the Township pays back the debt with regular tax collections and other revenues, or special revenue debt, which is paid off over time with revenue from specified sources beyond the usual taxes and service fees.

Fiscal year (FY). The 12-month period of time during which budgets are allocated or finances are planned. Watertown Charter Township uses January 1 - December 31 as its fiscal year.

Fund balance. Once all the bills for the year have been paid out of a certain fund, whatever is left over is called the fund balance. When a fund balance is less than zero, you'll see the number shown with parentheses around it. Deficits cause fund balances to decrease, while surpluses cause them to increase.

Reserved/Restricted funds. Some funds are considered to be "reserved" or "restricted" for a specific purpose, and cannot be spent for anything else.

Primary government. Watertown Charter Township is the primary government.

Governmental funds. Governmental funds include the General Fund, the chief operating fund, and include most of the basic services of the Township.

Net assets. Net assets of a governmental entity equal its assets minus its liabilities.

### How Governments Use Your Money

### WHERE CITIZEN DOLLARS GO AND SERVICES THAT GOVERNMENTS PROVIDE

Watertown Charter Township uses revenue from utilities, property taxes, and charges for services to provide public services such as police and fire, highway and street maintenance, administrative services, building inspections, refuse collection, planning and zoning, and utility services like water and sewer. This report will look at financial measures of the primary government.

### **2010 FINANCIAL HIGHLIGHTS**

Below are selected financial highlights from fiscal • The Township's total bonded debt decreased by \$461,000 during the 2010 fiscal year be-

- The total assets of the Township exceeded its liabilities at the end of the 2010 fiscal year by \$12,506,761. Of this amount, \$8,723,441 is unrestricted, which means this amount can be used by the government to meet its ongoing obligations to citizens and creditors.
- The government's total net assets increased by 2% from \$12,292,222 to \$12,506,761 during the 2010 fiscal year.
- ◆ At the close of the 2010 fiscal year, the Township's governmental funds (the funds used to account for most of the government's activities except utilities) reported combined ending fund balances of \$3,848,429, an increase of \$182,873 over the previous year. Approximately 56% of this amount, or \$2,158,134, is available for spending at the government's discretion.
- At the end of the 2010 fiscal year, the undesignated fund balance for the Township General Fund was \$1,864,534, which is available for emergencies and reflects the Township's conservative fiscal approach. This amount represents approximately 95% of total general fund expenditures.

The Township's total bonded debt decreased by \$461,000 during the 2010 fiscal year because of principal payments made throughout the year.

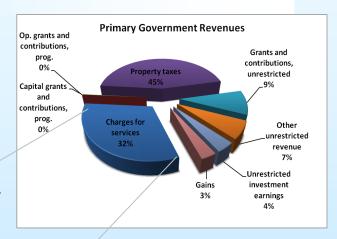
### How Taxpayer Money Is Spent

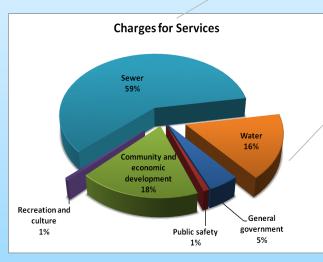
#### **REVENUES: WHERE THE MONEY COMES FROM**

### Primary government revenue sources:

Charges for services: Fees charged for licenses, permits, fines and forfeitures, penalties, utility services, and other government services.

Operating grants and contributions—Program: Aid from local, state, and federal sources designated for operating use by a specific program.

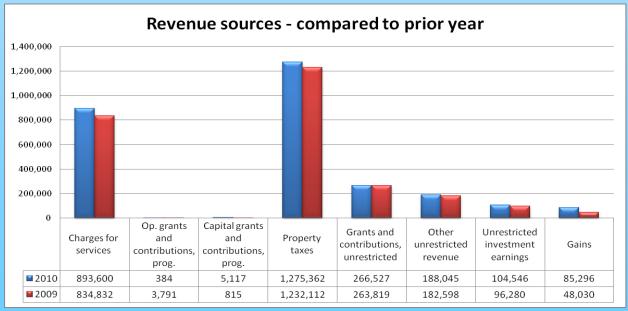




Property Taxes: Taxes levied by the government based on the value of property.

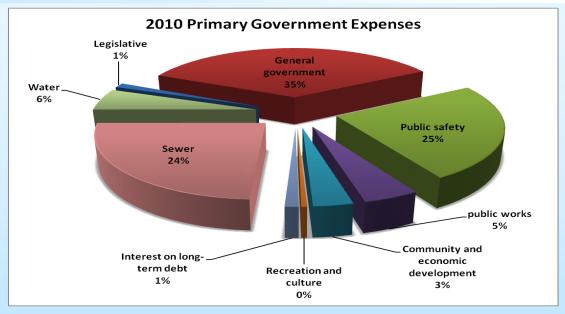
Unrestricted investment earnings: Earnings on investments which can spent on any government program.

Unrestricted grants and contributions: Contributions which can be spent on any government program.



### How Taxpayer Money Is Spent

#### **EXPENSES: WHERE THE MONEY GOES**



General Government expenses go toward government operations such as legislative, treasurer, clerk, assessing, judicial, elections, and finance functions.

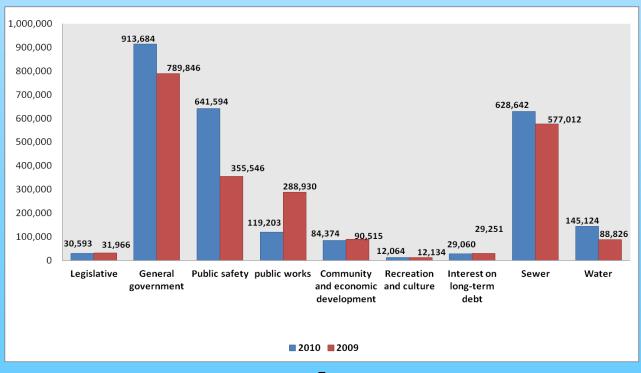
Public Safety expenses include police, fire, and building inspections.

Community and Economic Development expenses include activities such as planning and zoning.

Public works expenses include building and maintenance of streets, highways, street lights, sidewalks, and refuse collection.

Sewer expenses go toward activities of the sewer disposal and treatment utility.

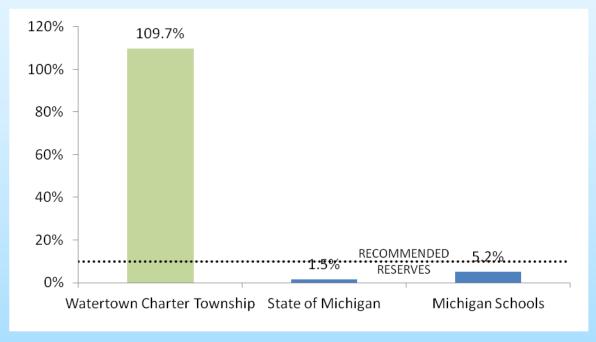
Water expenses go toward operating the water distribution and treatment utility.



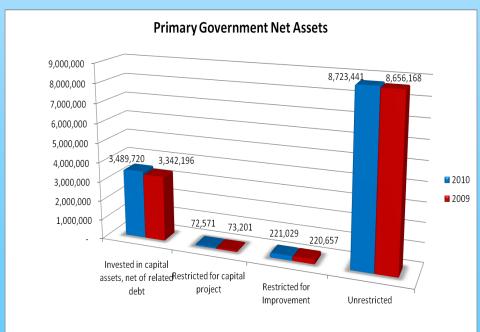
# The Township's Fiscal Health

#### **AVAILABLE RESERVES, GOVERNMENTAL FUNDS**

The graph below gives information about Watertown Charter Township's available governmental fund reserves, which is cash not designated or restricted for any purpose. The percentage of available reserves to total annual governmental fund expenditures is 109.7%, and significantly above the recommended reserves level of 10%.



### FINANCIAL POSITION, PRIMARY GOVERNMENT

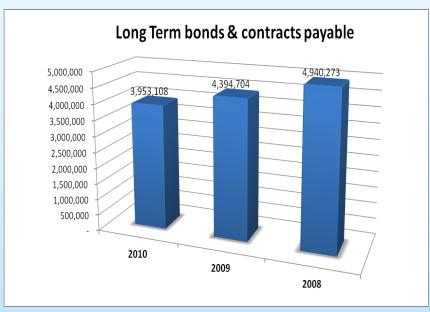


Source for Michigan and Michigan School data: State of Michigan

This graph shows the status of the Township's net assets. Net assets are the difference between the Township's assets and liabilities. The left columns represent total capital assets less depreciation less related debt. The middle columns represent funds which are set aside to buy capital assets. The right columns represent funds which are available to be used for any government purpose.

# The Township's Fiscal Health

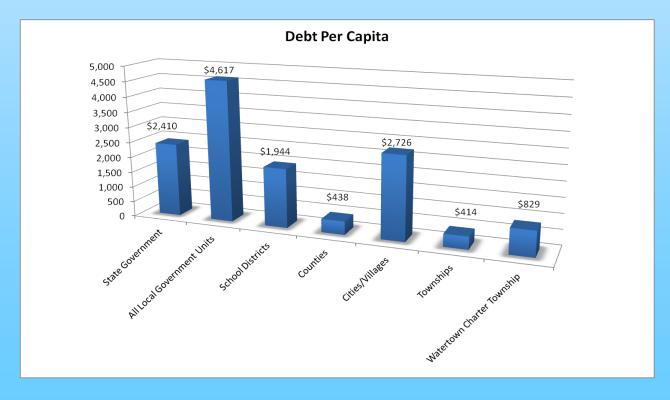
### STRUCTURED DEBT LEVELS, PRIMARY GOVERNMENT



These structured debt amounts for the primary government involve general obligation bonds and compensated absences. The Township's total bonded debt decreased by \$441,596 during the 2010 fiscal year.

#### **DEBT PER CAPITA**

The graph below shows how the Township's debt per capita, or average debt per person, compares to that of other municipalities and governments. Watertown Charter Township's debt per capita is significantly lower than the average for cities and Townships.



## The Township's Fiscal Health

### **PENSION AND OTHER RETIREE BENEFITS**

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. Plan provisions and contribution requirements are established and may be amended by the Township Board. The Township is required to contribute 10% of employee gross earnings. 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, 2010, the Township's contribution to the Plan was \$43,294. Employee contributions were \$3,380.

Source: 2010 Annual Financial Report

# How This Report Was Developed

DATA SOURCES AND NOTES

This Citizen's Guide was prepared by Eastern Michigan University's College of Business PAFR Project Group, using the annual audited financial statements for the fiscal years ended December 31, 2010 and December 31, 2009.