

**WATERTOWN CHARTER TOWNSHIP, MICHIGAN**

**Notes To Financial Statements**

**2. BUDGETARY INFORMATION**

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

The budget for the general fund is adopted at the department level.

The government does not utilize encumbrance accounting.

**3. DEPOSITS AND INVESTMENTS**

A reconciliation of cash and investments as shown on the Statement of Net Position and Statement of Fiduciary Net Position to deposits and investments as classified for note disclosure purposes is as follows:

	<b>Primary Government</b>
<b>Statement of Net Position</b>	
Cash and investments	\$ 2,406,596
Restricted cash	142,482
Investments	5,685,937
<b>Statement of Fiduciary Net Position</b>	
Cash and cash equivalents	<u>1,739,954</u>
<b>Total</b>	<u><u>\$ 9,974,969</u></u>

Following is a reconciliation of deposit and investment balances as of December 31, 2012:

<b>Deposits and investments</b>	
Bank deposits:	
Checking and savings accounts	\$ 7,837,774
Investments	<u>2,136,795</u>
Cash on hand	<u>400</u>
<b>Total</b>	<u><u>\$ 9,974,969</u></u>

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year end, \$3,577,809 of the Township's bank balance of \$7,890,328 was exposed to custodial credit risk because it was uninsured and uncollateralized.