

**AUGUSTA CHARTER TOWNSHIP,  
MICHIGAN**

FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION

Year ended March 31, 2018

# AUGUSTA CHARTER TOWNSHIP, MICHIGAN

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## INDEPENDENT AUDITOR'S REPORT

Township Board  
Augusta Charter Township, Michigan  
8021 Talladay Rd  
Whitaker, Michigan

### **Report on the Financial Statements**

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 Augusta Charter Township, Michigan, (the "Township") as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township as of March 31, 2018, 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.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 - 11 and 35 - 36 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 accompanying combining non-major fund financial statements and agency funds statement of assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Township Board  
Augusta Charter Township, Michigan  
Page Three

The other supplemental information, as identified in the table of contents is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*UHY LLP*

Farmington Hills, Michigan  
September 11, 2018

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2018**

As management of the Augusta Charter Township (Township), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2018.

**Financial Highlights**

- The Township experienced an increase in taxable value of 3.34 percent from the year ending March 31, 2017. The Township is anticipating a stable taxable value next year, with no anticipated major decline or growth.
- State shared revenues increased 2.9 percent for the year ending March 31, 2017.
- Applications for new single family homes decreased from forty (40) to twenty-five (29) from the prior year ending March 31, 2017.

**Governmental activities:**

Property taxes, state shared revenues and service fees finance most of the Township's basic services, such as fire, public works, community development, and general administration.

The Township is leasing a building to temporarily store and operate Fire and Utility operations. The costs are born by the Fire and Utility departments based upon square footage occupied. As of 2018 the Elections Department shares a small portion for storage.

**Business-type activities:**

The Township's business-type Utility Fund supplies water distribution and provides sewage treatment to residents through YCUA.

**Overview of the Financial Statements**

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.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2018**

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the year ended March 31, 2018. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

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). The governmental activities of the Township include general government, public safety, highways and streets, sanitation, public works, and culture and recreation. The business-type activities of the Township include utility systems.

The government-wide financial statements can be found on pages 12 - 13 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and agency funds.

**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 year ended March 31, 2018. Such information may be useful in evaluating a government's near-term financing requirements.

The Township maintains six individual governmental funds; the General Fund, Fire Fund, Capital Projects Fund, Farmland Preservation Fund, Fire Department Building Fund and Utilities Capital Improvement Fund. 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 Fund and Capital Projects Fund.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2018**

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 basic governmental fund financial statements can be found on pages 14 and 16 of this report.

*Proprietary funds.* The Township maintains an Enterprise fund, a type of proprietary fund, used to report functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its Utility Fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund, which is considered to be a major fund of the Township.

The proprietary fund financial statements can be found on pages 18-20 of this report.

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

The basic agency fund financial statement can be found on page 21 of this report.

**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 22-34 of this report.

The Township adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for all major governmental funds to demonstrate compliance with budget.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2018**

**Government-wide Financial Analysis**

**Augusta Charter Township's Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$8,468,300 at the close of the year ended March 31, 2018.

By far the largest portion of the Township's net position (50 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the Township's investment in its 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.

Property taxes and state shared revenues finance most of the Township's basic services, such as police, fire, public works, community development and general administration.

The Township's business-type activity, the Utility Fund, which supplies water distribution and provides sewage treatment, is provided to the residents by the Ypsilanti Community Utilities Authority (YCUA). The Township passes water and sewer rate increases received from YCUA to its residents.

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>2018</b>	<b>2017</b>
<b>Assets</b>				
Current and other assets	\$ 2,589,138	\$ 1,733,284	\$ 4,322,422	\$ 3,767,593
Capital assets	423,765	3,919,066	4,342,831	4,567,251
Total assets	<u>3,012,903</u>	<u>5,652,350</u>	<u>8,665,253</u>	<u>8,334,844</u>
<b>Liabilities</b>				
Current liabilities	28,645	90,062	118,707	164,713
Long term liabilities outstanding	78,246	-	78,246	102,694
Total liabilities	<u>106,891</u>	<u>90,062</u>	<u>196,953</u>	<u>267,407</u>
<b>Net Position</b>				
Invested in capital assets, net of related debt	423,765	3,919,066	4,342,831	4,567,251
Restricted	1,591,220	-	1,591,220	883,578
Unrestricted	891,027	1,643,222	2,534,249	2,616,608
Total net position	<u>\$ 2,906,012</u>	<u>\$ 5,562,288</u>	<u>\$ 8,468,300</u>	<u>\$ 8,067,437</u>

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2018**

An additional portion of the Township's net position (19 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$2,534,249 may be used to meet the government's ongoing obligations to citizens and creditors.

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 same situation held true for the prior fiscal year.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2018**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>2018</b>	<b>2017</b>
<b>Program revenue</b>				
<b>Charges for services</b>				
Connection fees	\$ 130,000	\$ -	\$ 130,000	\$ -
Utility	-	1,460,102	1,460,102	1,486,903
Total program revenue	<u>130,000</u>	<u>1,460,102</u>	<u>1,590,102</u>	<u>1,486,903</u>
<b>Operating grants and contributions</b>	-	42,400	42,400	-
<b>Capital grants and contributions</b>				
General government	18,211	-	18,211	-
Public safety	23,256	-	23,256	-
Total capital grants and contributions	<u>41,467</u>	<u>-</u>	<u>41,467</u>	<u>-</u>
<b>General revenue</b>				
Property taxes	831,951	-	831,951	809,759
Special assessment	-	38,049	38,049	43,818
Investment earnings	-	109	109	1,265
State revenue sharing	551,335	-	551,335	535,602
Franchise fees	64,544	-	64,544	51,715
Grant Revenue	-	-	-	118,096
License and permits	4,920	-	4,920	-
Other	158,635	-	158,635	187,371
Total general revenue	<u>1,611,385</u>	<u>38,158</u>	<u>1,649,543</u>	<u>1,747,626</u>
Total revenue	<u>1,782,852</u>	<u>1,540,660</u>	<u>3,323,512</u>	<u>3,234,529</u>
<b>Expenses</b>				
General government	654,644	-	654,644	669,809
Public safety	367,397	-	367,397	386,420
Public works	180,406	-	180,406	200,334
Community and economic development	43,207	-	43,207	21,090
Interest on long-term debt	3,358	-	3,358	-
Utility	-	1,761,232	1,761,232	1,776,273
Total expenses	<u>1,249,012</u>	<u>1,761,232</u>	<u>3,010,244</u>	<u>3,053,926</u>
Special items				
Gain on sale of assets	48,895	-	48,895	-
Land donation	38,700	-	38,700	-
Total special items	<u>87,595</u>	<u>-</u>	<u>87,595</u>	<u>-</u>
Transfers	<u>204,091</u>	<u>(204,091)</u>	<u>-</u>	<u>-</u>
Change in net position	825,526	(424,663)	400,863	180,603
Net position, beginning of year	<u>2,080,486</u>	<u>5,986,951</u>	<u>8,067,437</u>	<u>7,886,834</u>
Net position, end of year	<u>\$ 2,906,012</u>	<u>\$ 5,562,288</u>	<u>\$ 8,468,300</u>	<u>\$ 8,067,437</u>

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2018**

**Financial Analysis of the Government's Funds**

As noted earlier the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the year ended March 31, 2018, the Township's governmental funds reported a combined ending fund balances of \$2,498,005. Special Revenue and Capital Projects Funds have \$1,563,871 available for their special uses. The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$925,843. General Fund overhead expenses collected from other funds is reported as revenue rather than netted against operating expenses.

The fund balance of the Township's General Fund increased by \$43,441 during the year ended March 31, 2018.

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

Unrestricted net position of the Utility Fund at the end of the year amounted to \$1,643,222 as shown on Page 18 of the report. The total decrease in net position for the fund was \$424,663 as shown on Page 19 of the report.

**Capital Asset and Debt Administration**

**Capital assets.** The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2018, amounts to \$4,342,831 (net of accumulated depreciation). This investment in capital assets includes land, buildings and utility systems, machinery and equipment and park facilities.

**Long-term debt.** At the year ended March 31, 2018, the Township had total contract debt outstanding of \$78,246. This amount comprises debt backed by the full faith and credit of the government.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2018**

**Economic Factors and Next Year's Budgets and Rates**

The Township experienced an increase in overall property values due to Michigan's overall economy.

The Township continued to pursue the sale of two (2) Township properties as of March 31, 2018, with the proceeds to be used for the purpose of funding a new Fire Building. One parcel, originally identified as a future fire department site, had been determined to be too expensive to develop due to storm water drainage issues. Since then, it has been determined the Nexus pipeline ROW crosses over part of that parcel and it remains to be seen what the usability will be. The second property, the Beacon property, was sold subsequent to March 31, 2018.

**Requests for Information**

This financial report is designed to provide a general overview of the finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Augusta Charter Township Supervisor, 8021 Talladay Road, P.O. Box 100, Whittaker, MI 48190.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**STATEMENT OF NET POSITION**  
**March 31, 2018**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b>ASSETS</b>			
Cash	\$ 2,318,142	\$ 748,270	\$ 3,066,412
Accounts receivable	22,257	310,600	332,857
Special assessment receivables	-	611,235	611,235
Interfunds	8,791	(8,791)	-
Due from other governmental units	142,306	59,008	201,314
Due from agency fund	89,351	12,962	102,313
Prepaid expenses	8,291	-	8,291
Capital assets:			
Capital assets not being depreciated	78,200	-	78,200
Capital assets being depreciated (net)	345,565	3,919,066	4,264,631
Total assets	<u>3,012,903</u>	<u>5,652,350</u>	<u>8,665,253</u>
<b>LIABILITIES</b>			
Accounts payable	22,589	90,062	112,651
Salaries payable	4,777	-	4,777
Accrued interest	1,279	-	1,279
Noncurrent liabilities:			
Due within one year - long-term debt	25,248	-	25,248
Due in more than one year - long-term debt	52,998	-	52,998
Total liabilities	<u>106,891</u>	<u>90,062</u>	<u>196,953</u>
<b>NET POSITION</b>			
Invested in capital assets	423,765	3,919,066	4,342,831
Restricted:			
Fire department	1,215,074	-	1,215,074
Environmental protection	42,055	-	42,055
Utilities capital improvement	334,091	-	334,091
Unrestricted	891,027	1,643,222	2,534,249
Total net position	<u>\$ 2,906,012</u>	<u>\$ 5,562,288</u>	<u>\$ 8,468,300</u>



**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**March 31, 2018**

	<b>General</b>	<b>Fire Fund</b>	<b>Capital Projects Fund</b>	<b>Other Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash	\$ 815,558	\$ 399,005	\$ 420,609	\$ 682,970	\$ 2,318,142
Accounts receivable	18,877	2,536	768	76	22,257
Due from other governmental units	101,839	26,054	13,104	1,309	142,306
Due from utility fund	8,791	-	-	-	8,791
Due from agency fund	20,423	44,378	22,321	2,229	89,351
Prepaid expenditures	5,791	2,500	-	-	8,291
Total assets	<u>\$ 971,279</u>	<u>\$ 474,473</u>	<u>\$ 456,802</u>	<u>\$ 686,584</u>	<u>\$ 2,589,138</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 17,725	\$ 4,864	\$ -	\$ -	\$ 22,589
Salaries payable	2,000	2,777	-	-	4,777
Total liabilities	<u>19,725</u>	<u>7,641</u>	<u>-</u>	<u>-</u>	<u>27,366</u>
Deferred inflows of resources					
Unavailable revenue - Property tax	<u>19,920</u>	<u>28,590</u>	<u>13,872</u>	<u>1,385</u>	<u>63,767</u>
<b>FUND BALANCES</b>					
Nonspendable	5,791	2,500	-	-	8,291
Restricted:					
Fire department	-	435,742	442,930	310,438	1,189,110
Environmental protection	-	-	-	40,670	40,670
Utilities capital improvement	-	-	-	334,091	334,091
Unassigned	<u>925,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>925,843</u>
Total fund balances	<u>931,634</u>	<u>438,242</u>	<u>442,930</u>	<u>685,199</u>	<u>2,498,005</u>
Total liabilities and fund balances	<u>\$ 971,279</u>	<u>\$ 474,473</u>	<u>\$ 456,802</u>	<u>\$ 686,584</u>	<u>\$ 2,589,138</u>

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**March 31, 2018**

<b>FUND BALANCE REPORTED IN GOVERNMENTAL FUNDS</b>	<b>\$ 2,498,005</b>
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 are not reported in the funds.	
Capital assets not being depreciated	78,200
Capital assets being depreciated (net)	345,565
Certain revenue of the government-wide financial statements is earned but not considered available in the governmental funds and is, therefore, reported as deferred inflows of resources	
	63,767
Debt obligations are not due and payable in the current period and are not reported in the governmental funds; interest on debt obligation is not accrued in the governmental funds and is recognized as an expenditure of the extent due; and all liabilities, both current and long term, are reported in the statement of position. These liabilities include:	
Capital lease payable	(78,246)
Accrued interest payable on capital lease	<u>(1,279)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 2,906,012</u></b>

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended March 31, 2018**

	<u>General</u>	<u>Fire Fund</u>	<u>Capital Projects Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUE</b>					
Property taxes	\$ 165,902	\$ 394,329	\$ 198,337	\$ 19,816	\$ 778,384
State shared revenue	551,335	-	-	-	551,335
Franchise fees	64,544	-	-	-	64,544
Licenses and permits	4,920	-	-	-	4,920
Grants	18,211	23,256	-	-	41,467
Charges for services	-	-	-	130,000	130,000
Other	141,952	16,227	78	378	158,635
	<u>946,864</u>	<u>433,812</u>	<u>198,415</u>	<u>150,194</u>	<u>1,729,285</u>
Total revenue					
<b>EXPENDITURES</b>					
General government	645,116	-	-	-	645,116
Public safety	-	279,132	-	10,081	289,213
Public works	180,406	-	-	-	180,406
Community and economic development	43,090	-	-	117	43,207
Debt service					
Principal	-	24,448	-	-	24,448
Interest on long-term debt	-	3,358	-	-	3,358
Capital outlay	34,811	37,582	-	-	72,393
	<u>903,423</u>	<u>344,520</u>	<u>-</u>	<u>10,198</u>	<u>1,258,141</u>
Total expenditures					
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of land	50,999	-	-	-	50,999
Transfers in	-	-	-	255,090	255,090
Transfers out	(50,999)	-	-	-	(50,999)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,090</u>	<u>255,090</u>
Total other financing sources (uses)					
<b>Net Change in Fund Balances</b>	43,441	89,292	198,415	395,086	726,234
<b>Fund Balances, Beginning of year</b>	888,193	348,950	244,515	290,113	1,771,771
<b>Fund Balances, End of year</b>	<u>\$ 931,634</u>	<u>\$ 438,242</u>	<u>\$ 442,930</u>	<u>\$ 685,199</u>	<u>\$ 2,498,005</u>

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended March 31, 2018**

**Net Change in Fund Balances - Total Governmental Funds** \$ 726,234

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	74,719
Depreciation and amortization expense	(90,438)
Cost of land sold	(2,104)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	24,448
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Revenue reported in the statement of activities does not provide current financial resources and therefore is not reported as revenue in the governmental funds

Property taxes	53,567
Land donation	38,700

Change in accrued interest payable not recorded on the modified accrual statements	400
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**Change in Net Position of Governmental Activities** \$ 825,526

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**March 31, 2018**

	<u>Enterprise Fund</u> <u>Utility</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 748,270
Receivables (net) - customers	310,600
Special assessment receivables	36,792
Due from other governmental units	59,008
Due from agency fund	12,962
	<hr/>
Total current assets	1,167,632
	<hr/>
<b>NONCURRENT ASSETS</b>	
Special assessment receivables	574,443
Capital assets being depreciated (net)	3,919,066
	<hr/>
Total noncurrent assets	4,493,509
	<hr/>
Total assets	5,661,141
	<hr/>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	90,062
Due to other funds	8,791
	<hr/>
Total liabilities	98,853
	<hr/>
<b>NET POSITION</b>	
Invested in capital assets	3,919,066
Unrestricted	1,643,222
	<hr/>
Total net position	\$ 5,562,288
	<hr/> <hr/>

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**Year Ended March 31, 2018**

	<u>Enterprise Fund</u> <u>Utility</u>
<b>OPERATING REVENUE</b>	
Water and sewer usage	\$ 1,288,866
Charges for services	144,687
Other revenue	26,549
	<hr/>
Total operating revenue	1,460,102
	<hr/>
<b>OPERATING EXPENSES</b>	
Cost of water	633,874
Cost of sewage treatment	337,536
Operation and maintenance	369,455
General and administrative costs	166,570
Depreciation and amortization	253,797
	<hr/>
Total operating expenses	1,761,232
	<hr/>
Operating loss	(301,130)
	<hr/>
<b>NONOPERATING REVENUE (EXPENSE)</b>	
State grant	42,400
Interest on special assessments	38,049
Interest income	109
	<hr/>
Total nonoperating revenue (expense)	80,558
	<hr/>
<b>Transfers out</b>	(204,091)
	<hr/>
Change in net position	(424,663)
	<hr/>
<b>Net Position, Beginning of year</b>	5,986,951
	<hr/>
<b>Net Position, End of year</b>	<u>\$ 5,562,288</u>

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
Year Ended March 31, 2018

	<u>Enterprise Fund</u> <u>Utility</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 1,436,268
Payments to suppliers	(1,515,483)
Receipts from other funds	<u>97,489</u>
Net cash provided by operating activities	18,274
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Grant from other governments	42,400
Transfer to other funds	<u>(204,091)</u>
Net cash used in noncapital and related financing activities	(161,691)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(8,500)
Special assessment interest	<u>38,049</u>
Net cash provided by capital and related financing activities	29,549
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>	
Interest income	<u>109</u>
Net decrease in cash and cash equivalents	(113,759)
<b>Cash</b> , Beginning of year	<u>862,029</u>
<b>Cash</b> , End of year	<u><u>\$ 748,270</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (301,130)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	253,797
Changes in assets and liabilities:	
Receivables	16,537
Due from other governmental units	(37,820)
Due from other funds	34,784
Due from agency fund	54,133
Accounts payable	(8,048)
Due to other governmental units	(2,551)
Due to other funds	<u>8,572</u>
Net cash used in operating activities	<u><u>\$ 18,274</u></u>

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**March 31, 2018**

**ASSETS**

Cash	\$	274,124
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**LIABILITIES**

Accounts payable	\$	6,988
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Due to other funds		102,313
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Due to other taxing units		138,143
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Other liabilities		26,680
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Total liabilities	\$	<u>274,124</u>
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**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Augusta Charter Township, Michigan (the “Township”) are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

**Financial Reporting Entity**

Description of Reporting Entity

Augusta Charter Township is a charter township, governed by a Board of Trustees. As required by generally accepted accounting principles, these financial statements present Augusta Charter Township as a primary government. There are no component units in the Township.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-agency activities of the primary government. *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 demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants, franchise fees and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Amounts due from other governments and services provided associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

**General**

The *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Fire Fund**

The *Fire fund* is a special revenue fund to account for a tax levy for the purpose of providing fire protection services to the Township's residents.

**Capital Projects Fund – Fire Building**

The *Capital projects fund* is to account for a tax levy for the purpose of funding the construction of a new fire hall.

The government reports the following major proprietary fund:

The *Utility fund* accounts for the acquisition, operation and maintenance of the Townships water and sewer systems.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
(Continued)

The government reports the following non-major funds:

The *Special revenue funds* account for revenue sources that are legally restricted or committed to expenditures for specific purposes, not including major capital projects.

The *Capital projects funds* are used to account for resources restricted, assigned or committed to expenditures for the acquisition or construction of capital assets.

Additionally, the government reports the following other fund types:

The *Agency funds (Tax Collection Fund, Agency Fund, and Developer Fund)* accounts for assets held by the Township as an agent for individuals, private organizations, other governments, and/or other funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments of utility charges between the Township's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various function concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants, franchise fees and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 revenue of the Utility fund are charges to customers for sales and services. Operating expenses for this fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, the Township follows the government's practice to use restricted resources first, then unrestricted resources as they needed.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
(Continued)

In fiscal year 2018, the Township adopted a minimum fund balance policy for the General Fund and the Fire Fund. The policy requires a minimum fund balance goal of approximately 50 percent of the following year operating expenditures. With approval of the board, the following reasons justify appropriations that may draw the fund balance below the 50 percent: 1) planned used of reserves for capital expenditure; 2) one-time emergency expenditure said emergency having been declared by the board; and 3) one-time legal expenses. If unrestricted fund balance falls below the 50 percent minimum balance the board will make a determination of replenishment during the next budget cycle with said plan of replenishment to be implemented in the following year and have attained the minimum funding level within the following 5 years.

**Property Tax Revenue**

Properties are assessed as of December 31 and tax levies are July 1 and December 1 of the following year. The tax levies of July 1 and December 1, 2017 are revenues in the Township's fiscal year ended March 31, 2018.

The Township had a general tax millage of 0.8084 for 2018. The Township's maximum allowable millage is 0.8084 mills. The Township had a fire department millage of 1.9748 for 2018. The Township had a fire station millage of 0.9933 for 2018. The Township had a farm open space preservation millage of 0.0993 for 2018.

A lien on the property occurs when the taxes are levied. The taxes levied July 1 are payable by September 14 without penalty. The taxes levied December 1 are payable by February 14 without penalty.

**Assets, Liabilities and Fund Equity**

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "internal balances."

Prepaid Items

Prepaid items are costs incurred during the current fiscal year for which benefit will be received in a future fiscal year and are recorded as prepaid items in both the government-wide and fund financial statements.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Fund Equity (Continued)**

Capital Assets

Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-50
Computers and software	3-5
Office and equipment	5-20
Fire vehicles	5-10
Fire equipment	5-10
Water system	40
Water equipment	10-15
Sewer system	35
Sewer equipment	10

Long term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other non-current obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Fund Equity (Continued)**

Deferred Inflows of Resources

The Township's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). The Township will not recognize the related revenues until a future event occurs. Unavailable revenue qualifies for reporting in this category and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from special assessments that were not received within 60 days of year end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Equity

In the fund financial statements, governmental funds report the following components of fund balance:

Nonspendable

Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted

Amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers; or through enabling legislation.

Committed

Amounts that can be used only for the specific purposes determined by a formal action of the Charter Township's highest level of decision-making authority (i.e. the Board of Trustees).

Commitments will only be used for specific purposes pursuant to a formal action of the Board of Trustees. A majority vote is required to approve a commitment and a two-thirds majority vote is required to remove a commitment.

Assigned

Amounts intended to be used by the Charter Township for specific purposes but do not meet the criteria to be classified as restricted or committed.

The Board of Trustees delegates to the Supervisor or his designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Fund Equity (Continued)**

Unassigned

Unassigned fund balance is the residual classification for amounts in the General Fund.

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Use of Estimates

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end. The Township follows the budgetary procedures outlined by the State of Michigan including public hearings and proper adoption. The budgets are amended during the year as needed.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

The budget statements present information by fund, department and line items. The legal level of budgetary control adopted by the governing body is the department level (i.e. the level at which expenditures may not legally exceed appropriations).

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**Excess of Expenditures over Appropriations in Budgeted Funds**

During the year ended March 31, 2018, the General Fund incurred expenditures in excess of amounts appropriated as follows:

	<u>Budgeted Amount</u>	<u>Actual</u>	<u>Variance</u>
<b>General Fund</b>			
Community and economic development - Planning and zoning	\$ 43,052	\$ 43,090	\$ (38)

**NOTE 3 – CUSTODIAL CREDIT RISK OF BANK DEPOSITS**

Custodial credit risk is the risk that in the event of bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of March 31, 2018, \$2,840,061 of the Township's bank balance of \$3,340,061 was exposed to custodial credit risk.

**NOTE 4 – RECEIVABLES**

Receivables as of year-end for the Township's major funds and proprietary funds are as follows:

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Capital Projects</u>	<u>Utility Fund</u>	<u>Total</u>
State shared revenue	\$ 87,133	\$ -	\$ -	\$ -	\$ 87,133
Property tax	14,706	26,054	13,104	-	53,864
Customer	18,877	2,536	768	310,600	332,781
Special assessments	-	-	-	611,235	611,235
	<u>\$ 120,716</u>	<u>\$ 28,590</u>	<u>\$ 13,872</u>	<u>\$ 921,835</u>	<u>\$ 1,085,013</u>

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated - Land	\$ 35,004	\$ 45,300	\$ (2,104)	\$ 78,200
Capital assets being depreciated				
Buildings and improvements	102,597	-	-	102,597
Office furniture and equipment	46,987	-	-	46,987
Computers and software	61,668	28,211	-	89,879
Vehicles	1,673,303	-	-	1,673,303
Fire equipment	389,963	39,908	-	429,871
Subtotal	2,274,518	68,119	-	2,342,637
Less accumulated depreciation for				
Buildings and improvements	93,740	2,470	-	96,210
Office furniture and equipment	45,987	125	-	46,112
Computers and software	57,334	6,933	-	64,267
Vehicles	1,438,321	49,600	-	1,487,921
Fire equipment	271,252	31,310	-	302,562
Subtotal	1,906,634	90,438	-	1,997,072
Net capital assets being depreciated	367,884	(22,319)	-	345,565
Governmental activities total				
Capital assets - net of depreciation and amortization	\$ 402,888	\$ 22,981	\$ (2,104)	\$ 423,765

Included in capital assets is leased equipment under a capital lease with a cost of \$284,996 and accumulated amortization of \$121,123. Amortization expense related to the capital lease was \$28,500 for the year ended March 31, 2018.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 5 – CAPITAL ASSETS (Continued)**

Capital asset activity for the business activities for the current year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Capital assets being depreciated				
Water system	\$ 8,874,205	\$ -	\$ -	\$ 8,874,205
Water meters and equipment	644,625	-	-	644,625
Sewer system	1,438,614	8,500	-	1,447,114
Sewer equipment	121,130	-	-	121,130
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal	11,078,574	8,500	-	11,087,074
Less accumulated depreciation for				
Water system	5,019,002	221,855	-	5,240,857
Water meters and equipment	481,960	17,324	-	499,284
Sewer system	1,303,325	13,783	-	1,317,108
Sewer equipment	109,924	835	-	110,759
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal	6,914,211	253,797	-	7,168,008
Net capital assets being depreciated	<hr/>	<hr/>	<hr/>	<hr/>
	4,164,363	(245,297)	-	3,919,066
Business-type activities total				
Capital assets - net of depreciation	<u>\$ 4,164,363</u>	<u>\$ (245,297)</u>	<u>\$ -</u>	<u>\$ 3,919,066</u>

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

Governmental Activities	
General Government	\$ 9,528
Public safety	<u>80,910</u>
Total Governmental Activities - depreciation and amortization	<u>\$ 90,438</u>
Business-Type activities	
Utility	<u>\$ 253,797</u>

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balance as of March 31, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Tax collection fund	\$ 20,423
	Utility fund	\$ 8,791
Fire fund	Tax collection fund	\$ 44,378
Farmland preservation fund	Tax collection fund	\$ 2,229
Capital projects fund	Tax collection fund	\$ 22,321
Utility fund	Tax collection fund	\$ 12,962

Interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund transfers for the year ended March 31, 2018 is as follows:

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
General Fund	Fire Department Building Fund	\$ 50,999
Utility Fund	Utility Capital Improvement Fund	\$ 204,091

During the year ended March 31, 2018, the government made the following one-time transfers: (1) \$50,999 of proceeds from sale of land from the general fund to the fire department building fund for a planned building, and (2) \$204,901 of capital construction reserve from the utility fund to the utility capital improvement fund for capital expenditures to improve and maintain the viability of the system on an on-going basis.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 7 – CAPITAL LEASE**

The Township entered into a capital lease agreement for the purchase of a fire truck in the amount of \$169,111 in April 2013. Annual payments are due on October 1<sup>st</sup> beginning in 2014 in the amount of \$27,806 including interest through 2021. The lease qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as the inception date.

Long-term debt activity can be summarized as follows:

		Principal Matures	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental Activities</b>							
Capital Lease	2021	\$ 102,694	\$ -	\$ 24,448	\$ 78,246	\$ 25,248	

The future minimum lease obligations and the net present value are as follows:

Year Ended March 31,	Principal	Interest	Total
2019	\$ 25,248	\$ 2,558	\$ 27,806
2020	26,073	1,733	27,806
2021	26,925	880	27,805
	<u>\$ 78,246</u>	<u>\$ 5,171</u>	<u>\$ 83,417</u>

**NOTE 8 – AGREEMENTS**

**Franchise Agreements**

The Township has entered into an agreement with Comcast under which it granted that the company a non-exclusive franchise to provide cable television services in the Township. This agreement, which expires in 2019, provides that the cable provider pay an annual franchise fee of 5% of gross annual revenues to the Township.

Total franchise fees recognized under these agreements during the current year were \$64,544.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 9 – RETIREMENT PLAN**

**Plan Description**

The Augusta Charter Township Pension Plan is a defined contribution plan administered by Principal Financial Group under authority of Internal Revenue Code Section 401(a). The Township makes monthly contributions of 15% of employees' compensation. Employees must be 18 years of age to participate and are allowed to contribute, however employees did not contribute to this plan. The Township made contributions of \$33,515 for the year ended March 31, 2018.

**NOTE 10 – OTHER INFORMATION**

**Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (worker's compensation). The Township participates in two public entity risk pools for its insurance coverage. Any settled claims relating to the insurance have not exceeded the amount of insurance coverage in any of the past three years.

**NOTE 11 – SUBSEQUENT EVENTS**

Township's management has performed a review of events subsequent to the balance sheet date through September 11, 2018, the date the financial statements were available to be issued. On July 2018, the Township purchased a parcel of land in the Township of Augusta, Washtenaw County, Michigan at a price of \$156,000.

**OTHER SUPPLEMENTAL INFORMATION**

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended March 31, 2018**

	<b>BUDGETED AMOUNTS</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUE</b>				
Property taxes	\$ 174,443	\$ 174,443	\$ 165,902	\$ (8,541)
State shared revenue	514,000	514,000	551,335	37,335
Franchise fees	50,000	50,000	64,544	14,544
Grant	-	24,000	18,211	(5,789)
Licenses and permits	100	100	4,920	4,820
Other revenue	90,933	101,986	141,952	39,966
<b>Total revenue</b>	<b>829,476</b>	<b>864,529</b>	<b>946,864</b>	<b>82,335</b>
<b>EXPENDITURES</b>				
General government:				
General government	338,695	425,054	405,394	19,660
Supervisor	26,821	27,621	27,548	73
Treasurer	70,485	54,857	54,377	480
Assessor	47,000	49,000	48,853	147
Clerk	66,586	65,436	65,253	183
Elections	25,666	20,435	20,200	235
Township Hall	24,300	24,060	23,491	569
Capital outlay	18,000.00	36,250	34,811	1,439
<b>Total general government</b>	<b>617,553</b>	<b>702,713</b>	<b>679,927</b>	<b>22,786</b>
Public works:				
Drains at large	25,000	27,600	27,509	91
Road improvement	202,000	153,500	152,897	603
<b>Total public works</b>	<b>227,000</b>	<b>181,100</b>	<b>180,406</b>	<b>694</b>
Community and economic development -				
Planning and zoning	43,911	43,052	43,090	(38)
<b>Total expenditures</b>	<b>888,464</b>	<b>926,865</b>	<b>903,423</b>	<b>23,442</b>
Excess of revenue over (under) expenditures	(58,988)	(62,336)	43,441	105,777
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of land	-	-	50,999	50,999
Transfers Out	-	(50,999)	(50,999)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(50,999)</b>	<b>-</b>	<b>50,999</b>
<b>Net Change in Fund Balance</b>	<b>(58,988)</b>	<b>(113,335)</b>	<b>43,441</b>	<b>156,776</b>
<b>Fund Balance, Beginning of year</b>	<b>888,193</b>	<b>888,193</b>	<b>888,193</b>	<b>-</b>
<b>Fund Balance, End of year</b>	<b>\$ 829,205</b>	<b>\$ 774,858</b>	<b>\$ 931,634</b>	<b>\$ 156,776</b>

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**BUDGETARY COMPARISON SCHEDULE - FIRE FUND**  
**Year Ended March 31, 2018**

	<b>BUDGETED AMOUNTS</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUE</b>				
Property taxes	\$ 418,803	\$ 418,803	\$ 394,329	\$ (24,474)
Grants	-	23,250	23,256	6
Other revenue	2,000	3,150	16,227	13,077
<b>Total revenue</b>	<b>420,803</b>	<b>445,203</b>	<b>433,812</b>	<b>(11,391)</b>
<b>EXPENDITURES</b>				
Salaries and wages	159,147	159,147	138,387	20,760
Fringe benefits	61,973	41,671	32,620	9,051
Supplies and other	40,500	40,650	15,390	25,260
Repairs and maintenance	64,609	61,034	39,835	21,199
Contracted services	8,100	8,775	3,053	5,722
Insurance	33,000	26,552	26,552	-
Dues and materials	11,500	9,400	2,953	6,447
Communications	17,000	17,000	9,671	7,329
Utilities	5,400	11,400	10,601	799
Interest	4,132	3,358	3,358	-
Other	500	500	70	430
Capital outlay	18,000	41,250	37,582	3,668
Loan payments	23,675	24,449	24,448	1
<b>Total expenditures</b>	<b>447,536</b>	<b>445,186</b>	<b>344,520</b>	<b>100,666</b>
<b>Net Change in Fund Balance</b>	<b>(26,733)</b>	<b>17</b>	<b>89,292</b>	<b>89,275</b>
<b>Fund Balance, Beginning of year</b>	<b>348,950</b>	<b>348,950</b>	<b>348,950</b>	<b>-</b>
<b>Fund Balance, End of year</b>	<b>\$ 322,217</b>	<b>\$ 348,967</b>	<b>\$ 438,242</b>	<b>\$ 89,275</b>

**REQUIRED SUPPLEMENTAL INFORMATION**

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**March 31, 2018**

	Special Revenue	Capital		Total
	Fund	Projects		
	Farmland	Fire Department	Utilities Capital	Nonmajor
	Preservation	Building	Improvement	Governmental
	Fund	Fund	Fund	Funds
<b>ASSETS</b>				
Cash	\$ 38,441	\$ 310,438	\$ 334,091	\$ 682,970
Accounts receivable	76	-	-	76
Due from other governmental units	1,309	-	-	1,309
Due from agency fund	2,229	-	-	2,229
	<u>42,055</u>	<u>310,438</u>	<u>334,091</u>	<u>686,584</u>
Total assets	\$ 42,055	\$ 310,438	\$ 334,091	\$ 686,584
<b>Deferred inflows of resources</b>				
Unavailable revenue - Property tax	\$ 1,385	\$ -	\$ -	\$ 1,385
<b>FUND BALANCES</b>				
Restricted - Farmland preservation	40,670	-	-	40,670
Restricted - Fire department	-	310,438	-	310,438
Restricted - Utilities capital improvement	-	-	334,091	334,091
	<u>40,670</u>	<u>310,438</u>	<u>334,091</u>	<u>334,091</u>
Total deferred inflows of resources, and fund balances	\$ 42,055	\$ 310,438	\$ 334,091	\$ 686,584

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended March 31, 2018**

	Special Revenue	Capital		Total
	Fund	Projects		
	Farmland	Fire Department	Utilities Capital	Governmental
	Preservation	Building	Improvement	Funds
	Fund	Fund	Fund	
<b>Revenue</b>				
Property taxes	\$ 19,816	\$ -	\$ -	\$ 19,816
Charges for services	-	-	130,000	130,000
Other revenue	378	-	-	378
Total revenue	20,194	-	130,000	150,194
<b>Expenditures</b>				
Supplies	117	-	-	117
Contractual services	-	9,556	-	9,556
Professional fees	-	525	-	525
Total expenditures	117	10,081	-	10,198
Net Change in Fund Balances	20,077	(10,081)	130,000	139,996
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	50,999	204,091	255,090
<b>Net Change in Fund Balance</b>	20,077	40,918	334,091	395,086
<b>Fund balances, Beginning of year</b>	20,593	269,520	-	290,113
<b>Fund balances, End of year</b>	<u>\$ 40,670</u>	<u>\$ 310,438</u>	<u>\$ 334,091</u>	<u>\$ 685,199</u>

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**March 31, 2018**

	<u>Trust &amp; Agency</u>	<u>Tax Collection</u>	<u>Developer Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ 33,956	\$ 235,940	\$ 4,228	\$ 274,124
<b>LIABILITIES</b>				
Accounts payable	\$ 5,916	\$ -	\$ 1,072	\$ 6,988
Due to other funds	-	102,313	-	102,313
Due to other taxing units	3,516	133,627	1,000	138,143
Other liabilities	<u>24,524</u>	<u>-</u>	<u>2,156</u>	<u>26,680</u>
Total liabilities	<u>\$ 33,956</u>	<u>\$ 235,940</u>	<u>\$ 4,228</u>	<u>\$ 274,124</u>