

**AUGUSTA CHARTER TOWNSHIP,
MICHIGAN**

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

Year ended March 31, 2014

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 activity, 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, 2014, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 activity, each major fund, and the aggregate remaining fund information of the Township as of March 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended March 31, 2014 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 4-10 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 fiduciary 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 combining non-major fund financial statements and the combining fiduciary statement of assets and liabilities 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 combining non-major fund financial statements and the combining fiduciary statement of assets and liabilities is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

As described in Note 13, the Township recorded a prior period adjustment during 2014 to correct an overstatement of bond acquisition costs in the proprietary fund by \$24,127.

UHY LLP

Farmington Hills, Michigan
August 5, 2016

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2014**

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, 2014.

Financial Highlights

- The Township experienced an increase in taxable value of 2% from the previous year. The Township is expecting stable taxable value in the 2015 tax year with no anticipated decline and minimal growth.
- State shared revenues increased by 2% for the year ending March 31, 2014.
- Overall new zoning and planning applications increased by (27) to a total for the year of (46) or a 70% increase over 2013.
- Applications for new single family homes increased from (5) in the prior year to (15) in the year ending March 31, 2014
- Single family home applications were (15), (5), (4), (2), (2), and (9) for the years ending March 31, 2014, 2013, 2012, 2011, 2010, and 2009 respectively.

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 continues to lease a building on a temporary basis for the purpose of storing fire, utility, and elections equipment and on an operational basis for fire. The costs are born primarily by Fire and Utility departments, however, the General Fund pays a small component on behalf of the elections department.

Business-type Activities:

- The Township's business-type Utility Fund supplies water distribution and provides sewage treatment to residents through Ypsilanti Community Utility Authority (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, 2014

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, 2014. 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 flow in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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 water and sewer utility systems.

The government-wide financial statements can be found on pages 11-12 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 fiduciary 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, 2014. Such information may be useful in evaluating a government's near-term financing requirements.

The Township maintains four 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 Fund, Capital Projects Fund and Environmental Fund.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2014**

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 revenue, 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 13 and 15 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 17 -19 of this report.

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 statement because the resources of those funds are not available to support the Township's own program. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to the 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 21 -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 the budget.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2014**

Government-wide Financial Analysis

Augusta Charter Township's Net Position

As noted earlier, net position may serve over times as a useful indication of a government's financial position. In the case of the Township, assets exceeded liabilities by the close of the year end March 31, 2014.

By far the largest portion of the Township's net position (68%) reflects its investment in the capital assets (e.g., land, buildings, equipment, infrastructure), less any related debt used to acquire those assets that are still outstanding. The Township used these capital assets to provided 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 stated state shared revenues finance most of the Township's basic services, such as 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 YCUA. The Township passes water and sewer rate increases received from YCUA along to its residents.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2014</u>	<u>2013</u>
Assets				
Current and other assets	\$ 1,060,547	\$ 2,269,800	\$ 3,330,347	\$ 2,372,304
Capital assets	530,190	5,519,834	6,050,024	6,155,953
Total assets	<u>1,590,737</u>	<u>7,789,634</u>	<u>9,380,371</u>	<u>8,528,257</u>
Liabilities				
Long term liabilities outstanding	149,293	1,520,905	1,670,198	775,173
Other liabilities	48,132	158,658	206,790	144,544
Total liabilities	<u>197,425</u>	<u>1,679,563</u>	<u>1,876,988</u>	<u>919,717</u>
Net Position				
Invested in capital assets, net of related debt	361,079	4,744,660	5,105,739	5,604,607
Restricted	438,190	-	438,190	593,701
Unrestricted	594,043	1,365,411	1,959,454	1,410,232
Total net position	<u>\$ 1,393,312</u>	<u>\$ 6,110,071</u>	<u>\$ 7,503,383</u>	<u>\$ 7,608,540</u>

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2014**

An additional portion of the Township's net position (5.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$1,959,454 is used to meet the government's ongoing obligation 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 for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

	Governmental Activities	Business-Type Activities	2014	2013
Program revenue				
Charges for services				
Utility	\$ -	\$ 1,257,252	\$ 1,257,252	\$ 1,246,083
Public Safety	-	-	-	288
Operating grant				
Public Safety	-	-	-	7,090
Capital grant				
Utility	-	-	-	150,441
Total program revenue	<u>-</u>	<u>1,257,252</u>	<u>1,257,252</u>	<u>1,403,902</u>
General revenue				
Property taxes	556,927	-	556,927	496,153
Special assessment	-	102,471	102,471	-
Investment earnings	-	527	527	1,871
State revenue sharing	498,763	-	498,763	489,907
Franchise fees	43,576	-	43,576	-
Other	91,258	-	91,258	147,443
Total general revenue	<u>1,190,524</u>	<u>102,998</u>	<u>1,293,522</u>	<u>1,135,374</u>
Total revenue	<u>1,190,524</u>	<u>1,360,250</u>	<u>2,550,774</u>	<u>2,539,276</u>
Expenses				
General government	528,776	-	528,776	445,426
Public safety	418,834	-	418,834	402,274
Public works	224,897	-	224,897	232,110
Community and economic development	23,331	-	23,331	21,668
Utility	-	1,435,966	1,435,966	1,487,549
Total expenses	<u>1,195,838</u>	<u>1,435,966</u>	<u>2,631,804</u>	<u>2,589,027</u>
Change in net position	(5,314)	(75,716)	(81,030)	(49,751)
Net position, beginning of year, restated	<u>1,398,626</u>	<u>6,185,787</u>	<u>7,584,413</u>	<u>7,658,291</u>
Net position, end of year	<u>\$ 1,393,312</u>	<u>\$ 6,110,071</u>	<u>\$ 7,503,383</u>	<u>\$ 7,608,540</u>

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2014**

Financial Analysis of the Government's Funds

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

As of the year ended March 31, 2014, the Township's governmental funds reported combined ending fund balances of \$986,370. Special Revenue and Capital Projects Fund have \$438,190 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 \$547,229. The 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 decreased by \$949 during the year ending March 31, 2014.

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

The unrestricted net position of the Utility Fund at the end of the year amounted to \$1,365,411 shown on page 11 & 17, which was a decrease in net position for the fund of \$75,716 as shown on page 18 of this report.

General Fund Budgetary Highlights

The Special Water Assessment deemed Special Water #2 was complete with its last payment being received in the year end March 31, 2014

Capital Assets. The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2014, amounts to \$6,050,024 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and utility system machinery and equipment.

Long Term debt. At the year end March 31, 2014, the Township had total bonded and contract debt outstanding of \$944,285. This amount comprises debt backed by full faith and credit of the government. The remainder of the Township's debt represents bonds secured solely by specified revenue sources. (i.e., revenue bonds).

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2014**

Economic Factors and Next Year's Budgets and Rates

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

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, 2014

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 727,587	\$ 901,750	\$ 1,629,337
Accounts receivable	157,439	321,007	478,446
Special assessment receivables	-	38,977	38,977
Interfunds	(49,462)	49,462	-
Due from other governmental units	49,857	47,947	97,804
Due from fiduciary fund	168,750	70,720	239,470
Prepaid expenses	6,376	31,743	38,119
Inventory	-	28,650	28,650
Total current assets	1,060,547	1,490,256	2,550,803
Noncurrent assets			
Special assessment receivables	-	779,544	779,544
Capital assets			
Assets not subject to depreciation	35,004	-	35,004
Assets subject to depreciation	2,144,302	11,918,401	14,062,703
Less accumulated depreciation	(1,649,116)	(6,398,567)	(8,047,683)
Total capital assets	530,190	5,519,834	6,050,024
Total noncurrent assets	530,190	6,299,378	6,829,568
Total assets	1,590,737	7,789,634	9,380,371
LIABILITIES			
Current liabilities			
Accounts payable	20,073	85,868	105,941
Salaries payable	4,247	-	4,247
Accrued interest	3,994	-	3,994
Current portion of deferred special assessment revenue	-	38,977	38,977
Current portion of long-term debt	19,818	33,813	53,631
Total current liabilities	48,132	158,658	206,790
Noncurrent liabilities			
Deferred special assessment revenue	-	779,544	779,544
Long-term debt	149,293	741,361	890,654
Total noncurrent liabilities	149,293	1,520,905	1,670,198
Total liabilities	197,425	1,679,563	1,876,988
NET POSITION			
Invested in capital assets, net of related debt	361,079	4,744,660	5,105,739
Restricted			
Fire fund	132,309	-	132,309
Environmental fund	268,343	-	268,343
Capital projects	37,538	-	37,538
Unrestricted	594,043	1,365,411	1,959,454
Total net position	\$ 1,393,312	\$ 6,110,071	\$ 7,503,383

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2014

	<u>General</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 331,260	\$ 90,496	\$ 305,831	\$ 727,587
Accounts receivable	157,439	-	-	157,439
Due from other governmental units	19,710	30,147	-	49,857
Due from other funds	69,962	-	50	70,012
Due from fiduciary fund	48,063	120,687	-	168,750
Prepaid expenditures	951	5,425	-	6,376
	<u>627,385</u>	<u>246,755</u>	<u>305,881</u>	<u>1,180,021</u>
Total assets	<u>\$ 627,385</u>	<u>\$ 246,755</u>	<u>\$ 305,881</u>	<u>\$ 1,180,021</u>
LIABILITIES				
Accounts payable	\$ 9,282	\$ 10,791	\$ -	\$ 20,073
Salaries payable	701	3,546	-	4,247
Due to other funds	49,512	69,962	-	119,474
	<u>59,495</u>	<u>84,299</u>	<u>-</u>	<u>143,794</u>
Total liabilities	<u>59,495</u>	<u>84,299</u>	<u>-</u>	<u>143,794</u>
Deferred inflows of resources - Unavailable revenue	19,710	30,147	-	49,857
	<u>19,710</u>	<u>30,147</u>	<u>-</u>	<u>49,857</u>
FUND BALANCES				
Nonspendable - prepaid items	951	5,425	-	6,376
Restricted - Fire fund	-	126,884	37,538	164,422
Unassigned	547,229	-	268,343	815,572
	<u>548,180</u>	<u>132,309</u>	<u>305,881</u>	<u>986,370</u>
Total fund balances	<u>548,180</u>	<u>132,309</u>	<u>305,881</u>	<u>986,370</u>
Total liabilities and fund balances	<u>\$ 627,385</u>	<u>\$ 246,755</u>	<u>\$ 305,881</u>	<u>\$ 1,180,021</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
March 31, 2014

Fund Balance Reported in Governmental Funds	\$ 986,370
Amounts reported for governmental activities in the statement of net position are different because:	
Adjustments required to convert balances to full accrual basis from modified accrual basis.	
Add: Revenue collected after year end are not recognized in the funds	49,857
Deduct: Accrued interest payable	(3,994)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add: Capital assets	2,179,306
Deduct: Accumulated depreciation	(1,649,116)
Certain liabilities, such as contracts payable, are not due and payable in the current period and therefore are not reported in the funds.	
Deduct: Capital lease payable	(169,111)
Net Position of Governmental Activities	<u><u>\$ 1,393,312</u></u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2014

	<u>General</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUE				
Property taxes	\$ 151,706	\$ 355,364	\$ -	\$ 507,070
State shared revenue	498,763	-	-	498,763
Franchise fees	43,576	-	-	43,576
Other	89,291	313	1,654	91,258
	<u>783,336</u>	<u>355,677</u>	<u>1,654</u>	<u>1,140,667</u>
Total revenue				
EXPENDITURES				
Operating:				
General government	522,692	-	-	522,692
Public safety	-	336,742	-	336,742
Public works	224,897	-	-	224,897
Community and economic development	23,331	-	-	23,331
Debt service	-	46,289	-	46,289
Capital outlay	13,365	129,811	-	143,176
	<u>784,285</u>	<u>512,842</u>	<u>-</u>	<u>1,297,127</u>
Total expenditures				
Net Change in Fund Balances	(949)	(157,165)	1,654	(156,460)
Fund Balances, Beginning of year	<u>549,129</u>	<u>289,474</u>	<u>304,227</u>	<u>1,142,830</u>
Fund Balances, End of year	<u>\$ 548,180</u>	<u>\$ 132,309</u>	<u>\$ 305,881</u>	<u>\$ 986,370</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, 2014

Net Change in Fund Balances - Total Governmental Funds \$ (156,460)

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

Add: revenue recorded when earned	49,857
Deduct: accrual for interest payable	(3,994)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense

Add: capital outlay	298,361
Deduct: depreciation and amortization expense	(70,256)

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long term debt in the statement of net position

Add: principal on debt	46,289
Deduct: borrowings under capital lease	<u>(169,111)</u>

Change in Net Position of Governmental Activities \$ (5,314)

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUND
March 31, 2014

	<u>Enterprise Fund</u> <u>Utility</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 901,750
Receivables, net	321,007
Special assessment receivables	38,977
Due from other governmental units	47,947
Due from other funds	49,462
Due from fiduciary fund	70,720
Inventory	28,650
Prepaid expenses and deposits	31,743
	<hr/>
Total current assets	1,490,256
	<hr/>
Noncurrent assets	
Special assessment receivables	779,544
Capital assets	
Infrastructure	11,152,646
Machinery and Equipment	765,755
Less accumulated depreciation	(6,398,567)
	<hr/>
Total noncurrent assets	6,299,378
	<hr/>
Total assets	7,789,634
	<hr/>
LIABILITIES	
Current liabilities	
Accounts payable	85,868
Current portion of deferred special assessment revenue	38,977
Current portion of YCUA contract	33,813
	<hr/>
Total current liabilities	158,658
	<hr/>
Noncurrent liabilities	
Deferred special assessment revenue	779,544
Noncurrent portion of YCUA contract	741,361
	<hr/>
Total noncurrent liabilities	1,520,905
	<hr/>
Total liabilities	1,679,563
	<hr/>
NET POSITION	
Invested in capital assets, net of related debt	4,744,660
Unrestricted	1,365,411
	<hr/>
Total net position	\$ 6,110,071
	<hr/> <hr/>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended March 31, 2014

	<u>Enterprise Fund</u> <u>Utility</u>
OPERATING REVENUE	
Water and sewer usage	\$ 1,088,242
Charges for services	169,010
Total operating revenue	<u>1,257,252</u>
OPERATING EXPENSES	
Cost of water	493,472
Cost of sewage treatment	195,198
Operation and maintenance	288,319
General and administrative costs	110,766
Depreciation and amortization	321,758
Total operating expenses	<u>1,409,513</u>
Operating loss	<u>(152,261)</u>
NONOPERATING REVENUE (EXPENSE)	
Special assessment revenue	93,619
Interest on special assessments	8,852
Interest income	527
Interest expense	(26,453)
Total nonoperating revenue (expense)	<u>76,545</u>
Change in net position	(75,716)
Net Position, Beginning of year	<u>6,209,914</u>
Prior Period Adjustment	<u>(24,127)</u>
Net Position, Beginning of year, restated	<u>6,185,787</u>
Net Position, End of year	<u>\$ 6,110,071</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year ended March 31, 2014

	<u>Enterprise Fund</u>
	<u>Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,343,521
Payments to suppliers	(1,148,673)
Net cash provided by operating activities	<u>194,848</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Special assessment revenue	93,619
Special assessment interest	8,852
Purchase of capital assets	(11,850)
Principal payments	(31,967)
Interest payments	(26,453)
Net cash provided by capital and related financing activities	<u>32,201</u>
CASH FLOWS FROM INVESTING ACTIVITY	
Interest income	<u>527</u>
Net increase in cash and cash equivalents	227,576
Cash and Cash Equivalents, Beginning of year	<u>674,174</u>
Cash and Cash Equivalents, End of year	<u>\$ 901,750</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (152,261)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	321,758
Changes in assets and liabilities:	
Receivables	(6,378)
Inventory	(7,011)
Prepaid expense	(20,498)
Accounts payable and other liabilities	59,238
Net cash provided by operating activities	<u>\$ 194,848</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
March 31, 2014

ASSETS - Cash and cash equivalents \$ 435,043

LIABILITIES

Due to other funds	\$ 239,470
Due to other taxing units	<u>195,573</u>
Total liabilities	<u>\$ 435,043</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Augusta Charter Township, Michigan (Township) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units.

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-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from 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 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 fiduciary 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, 2014

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.

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.

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 Township accounts for its environmental fund as a special revenue fund.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The *Capital projects funds* are used to account for resources restricted, assigned or committed to expenditures for the acquisition or construction of capital assets. The Township's Capital Project Fund accounts for the resources accumulated and payments made for capital improvement of the fire buildings.

Additionally, the government reports the following other fund types:

The *Fiduciary Fund (Tax Collection Fund and Agency 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 water and sewer 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, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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, 2012 are revenues in the Township's fiscal year ended March 31, 2014.

The Township had a general tax millage of .8187 for 2014. The Township's maximum allowable millage is 1.0 mills. The Township had a fire department millage of 2.0 for 2014.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 1 – SUMMARY OF Significant Accounting Policies (Continued)

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

Property taxes (Continued)

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

Cash, Cash Equivalents and Investments

Cash includes amounts in cash on hand, demand deposits, except those deposits noted as investments (see below), as well as short-term investments with an original maturity date of three months or less.

Investments include money market and certificates of deposit where the intent is to hold funds long-term, as well as investments with maturity dates over three months.

State statutes authorize the government to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, repurchase agreements, and state approved investment pools.

Investments are stated at cost or amortized cost. The Township will use amortized cost only when it reflects fair value of the investment. Currently, no investments are stated at amortized cost.

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."

Inventories and Prepaid Items

Inventories are recorded at the lower of cost (first-in, first-out basis) or market. 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, 2014

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 columns 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 two 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, 2014

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.

Nonspendable amounts will be determined before all other classifications and consist of the following items (as applicable in any given fiscal year)

- The Charter Township will maintain a fund balance equal to the balance of any long-term outstanding balance due from others (including other funds of the government).
- The Charter Township will maintain a fund balance equal to the value of inventory balances and prepaid items (to the extent that such balances are not offset with liabilities and actually result in fund balance).
- The Charter Township will maintain a fund balance equal to the corpus (principal) of any permanent funds that are legally or contractually required to be maintained intact.
- The Charter Township will maintain a fund balance equal to the balance of any land or other nonfinancial assets held for sale.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Fund Equity (Continued)

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. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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.

Unassigned

Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

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.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Encumbrance accounting is not employed in governmental funds. If encumbrance accounting were employed, encumbrances (e.g., purchase orders, contracts) outstanding at year end would be reported as assigned fund balances and would not constitute expenditures or liabilities because the goods or services had not been received as of year-end; the commitments would be reappropriated and honored during the subsequent year.

Instead, 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 Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Township for these budgetary funds were adopted at the activity level.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

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

Excess of expenditures over Appropriations in Budgeted Funds

During the year ended March 31, 2014, both the general fund and the fire fund incurred expenditures in excess of amounts appropriated as follows:

	<u>Budgeted Amount</u>	<u>Actual</u>	<u>Variance</u>
General fund			
General Government			
Board of Trustees	\$ 237,936	\$ 298,233	\$ (60,297)
Township Hall	\$ 16,572	\$ 17,684	\$ (1,112)
Capital outlay	\$ -	\$ 13,365	\$ (13,365)
Fire fund	\$ 392,346	\$ 512,842	\$ (120,496)

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

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, 2014, \$1,431,625 of the Township's bank balance of \$2,181,625 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</u>	<u>Utility</u>	<u>Total</u>
State shared revenue	\$ 157,439	\$ -	\$ 157,439
Customer	-	321,007	321,007
Special assessments	-	818,521	818,521
	<u>\$ 157,439</u>	<u>\$ 1,139,528</u>	<u>\$ 1,296,967</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

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>
Governmental Activities				
Capital assets not being depreciated - Land	\$ 35,004	\$ -	\$ -	\$ 35,004
Capital assets being depreciated				
Buildings and improvements	102,597	-	-	102,597
Office furniture and equipment	46,987	-	-	46,987
Computers and software	41,078	13,365	-	54,443
Vehicles	1,381,718	284,996	-	1,666,714
Fire equipment	273,561	-	-	273,561
Subtotal	<u>1,845,941</u>	<u>298,361</u>	<u>-</u>	<u>2,144,302</u>
Less accumulated depreciation for				
Buildings and improvements	83,860	2,470	-	86,330
Office furniture and equipment	45,487	125	-	45,612
Computers and software	31,467	3,489	-	34,956
Vehicles	1,184,869	51,483	-	1,236,352
Fire equipment	233,177	12,689	-	245,866
Subtotal	<u>1,578,860</u>	<u>70,256</u>	<u>-</u>	<u>1,649,116</u>
Net capital assets being depreciated	<u>267,081</u>	<u>228,105</u>	<u>-</u>	<u>495,186</u>
Governmental activities total				
Capital assets - net of depreciation and amortization	<u>\$ 302,085</u>	<u>\$ 228,105</u>	<u>\$ -</u>	<u>\$ 530,190</u>

Included in capital assets is leased equipment under a capital lease with a cost of \$284,996 and accumulated depreciation of \$7,125. Amortization expense related to the capital lease was \$7,125 for the year ended March 31, 2014.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

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>
Business-Type Activities				
Capital assets being depreciated				
Water system	\$ 8,673,318	\$ -	\$ -	\$ 8,673,318
Water meters and equipment	632,775	11,850	-	644,625
Sewer system	2,479,328	-	-	2,479,328
Sewer equipment	121,130	-	-	121,130
Subtotal	<u>11,906,551</u>	<u>11,850</u>	<u>-</u>	<u>11,918,401</u>
Less accumulated depreciation for				
Water system	4,149,345	216,833	-	4,366,178
Water meters and equipment	374,047	29,057	-	403,104
Sewer system	1,455,971	70,546	-	1,526,517
Sewer equipment	97,446	5,322	-	102,768
Subtotal	<u>6,076,809</u>	<u>321,758</u>	<u>-</u>	<u>6,398,567</u>
Net capital assets being depreciated	<u>5,829,742</u>	<u>(309,908)</u>	<u>-</u>	<u>5,519,834</u>
Business-type activities total				
Capital assets - net of depreciation	<u>\$ 5,829,742</u>	<u>\$ (309,908)</u>	<u>\$ -</u>	<u>\$ 5,519,834</u>

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

Governmental activities	
General government	\$ 6,084
Public safety	<u>64,172</u>
Total depreciation and amortization	<u>\$ 70,256</u>
Business-type activities	
Utility	<u>\$ 321,758</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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.

<u>Receivable Fund</u>	<u>Payable Fund</u>		
General fund	Tax collection fund	\$	48,063
	Fire fund	\$	69,962
Fire fund	Tax collection fund	\$	120,687
Utility fund	Tax collection fund	\$	70,720
	General fund	\$	49,462
Capital projects fund	General fund	\$	50

NOTE 7 – LONG TERM DEBT

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 1st beginning in 2014 in the amount of \$27,806 plus interest through 2020.

The Township is obligated for a portion of bonds held by the YCUA through Washtenaw County for the sewage disposal system. The original amount owed was \$1,302,971 at interest rates between 3.0% and 6.0%, maturing in fiscal year 2033. YCUA bills the Township on a monthly basis for total debt service expenses. Interest expense related to this bond was \$38,853 for the year ended March 31, 2014.

Long-term debt activity can be summarized as follows:

	<u>Principal</u>	<u>Beginning</u>			<u>Ending</u>	<u>Due within</u>
	<u>Matures</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Governmental Activities						
Capital Leases	2021	<u>\$ 46,289</u>	<u>\$ 169,111</u>	<u>\$ 46,289</u>	<u>\$ 169,111</u>	<u>19,818</u>
Business-Type Activities						
YCUA Contract	2033	<u>\$ 807,141</u>	<u>\$ -</u>	<u>\$ 31,967</u>	<u>\$ 775,174</u>	<u>\$ 33,813</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 7 – LONG TERM DEBT (Continued)

Annual debt service requirements to maturity for the long-term debt are as follows:

Year Ended March 31,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Principal	Interest	Principal	Interest
2015	\$ 19,818	\$ 7,988	\$ 33,813	\$ 37,363
2016	22,925	4,882	35,464	35,772
2017	23,674	4,132	37,059	34,089
2018	24,448	3,358	39,008	32,294
2019	25,248	2,558	40,969	30,375
2020-2024	52,998	2,613	203,379	123,970
2025-2029	-	-	234,346	66,479
2030-2033	-	-	151,136	14,397
	<u>\$ 169,111</u>	<u>\$ 25,531</u>	<u>\$ 775,174</u>	<u>\$ 374,739</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 2014, 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 \$43,576

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

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 full time 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 \$27,553 for the year ended March 31, 2014.

NOTE 10 – DEFERRED COMPENSATION

Augusta Charter Township 457 Prototype Plan is a governmental 457 deferred compensation plan administered by Symetra Financial. Employees, with the exception of part-time employees working 15 hours or less and volunteer firemen, are allowed to participate with no employer match. There were employee contributions of \$1,200 made for the year ended March 31, 2014.

NOTE 11 – 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 12 – FRAUD

In 2015, it was discovered that a former employee of the Township who was also related to the Township Treasurer stole Township funds. Criminal charges were filed against the former employee. As a result of criminal proceedings, the former employee was required to pay restitution to the Township.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

In the current year the Township recorded a prior period adjustment of \$24,127 to reflect an overstatement of bond acquisition costs recorded in prior years. The adjustment consisted of a reduction in beginning net position for the proprietary fund balances of \$24,127.

REQUIRED SUPPLEMENTAL INFORMATION

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2014

	BUDGETED AMOUNTS		Actual	Variance with Final Budget
	Original	Final		
REVENUE				
Property taxes	\$ 168,882	\$ 168,882	\$ 151,706	\$ (17,176)
State shared revenue	480,000	480,000	498,763	18,763
Franchise fees	37,000	37,000	43,576	6,576
Other	89,580	89,680	89,291	(389)
Total revenue	775,462	775,562	783,336	7,774
EXPENDITURES				
General government:				
General government	226,285	237,936	298,233	(60,297)
Supervisor	56,189	56,189	37,213	18,976
Treasurer	67,534	67,534	63,240	4,294
Assessor	47,786	47,786	46,194	1,592
Clerk	58,934	58,988	58,143	845
Elections	6,212	4,172	1,985	2,187
Township Hall	16,572	16,572	17,684	(1,112)
Capital outlay	-	-	13,365	(13,365)
Total general government	479,512	489,177	536,057	(46,880)
Public works:				
Drains at large	50,000	29,879	29,879	-
Road improvement	205,000	205,000	195,018	9,982
Total public works	255,000	234,879	224,897	9,982
Community and economic development -				
Planning and zoning	41,908	41,908	23,331	18,577
Total expenditures	776,420	765,964	784,285	(18,321)
Net Change in Fund Balance	(958)	9,598	(949)	(10,547)
Fund Balance, Beginning of year	549,129	549,129	549,129	-
Fund Balance, End of year	\$ 548,171	\$ 558,727	\$ 548,180	\$ (10,547)

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - FIRE FUND
Year Ended March 31, 2014

	BUDGETED AMOUNTS		Actual	Variance with Final Budget
	Original	Final		
REVENUE				
Property taxes	\$ 392,346	\$ 392,346	\$ 355,364	\$ (36,982)
Investment earnings	-	-	313	313
Total revenue	<u>392,346</u>	<u>392,346</u>	<u>355,677</u>	<u>(36,669)</u>
EXPENDITURES				
Salaries and wages	147,693	147,693	134,911	12,782
Fringe benefits	31,949	31,949	29,446	2,503
Supplies and other	29,000	29,000	23,380	5,620
Repairs and maintenance	68,000	68,000	76,578	(8,578)
Contracted services	5,587	5,587	2,467	3,120
Dues and mileage	11,500	11,500	27,550	(16,050)
Communications	16,500	18,900	27,489	(8,589)
Utilities	8,000	8,000	11,879	(3,879)
Interest	2,125	2,125	2,125	-
Other	500	500	917	(417)
Capital outlay	25,203	22,803	129,811	(107,008)
	<u>346,057</u>	<u>346,057</u>	<u>466,553</u>	<u>(120,496)</u>
Other financing sources - principal payments	<u>46,289</u>	<u>46,289</u>	<u>46,289</u>	<u>-</u>
Total expenditures	<u>392,346</u>	<u>392,346</u>	<u>512,842</u>	<u>(120,496)</u>
Net Change in Fund Balance	-	-	(157,165)	(157,165)
Fund Balance, Beginning of year	<u>289,474</u>	<u>289,474</u>	<u>289,474</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 289,474</u>	<u>\$ 289,474</u>	<u>\$ 132,309</u>	<u>\$ (157,165)</u>

OTHER SUPPLEMENTAL INFORMATION

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
March 31, 2014

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Environmental Fund</u>	<u>Capital Projects</u>	
ASSETS			
Cash and cash equivalents	\$ 268,343	\$ 37,488	\$ 305,831
Due from other funds	-	50	50
Total assets	<u>\$ 268,343</u>	<u>\$ 37,538</u>	<u>\$ 305,881</u>
 FUND BALANCES			
Restricted - Fire department	\$ -	\$ 37,538	\$ 37,538
Unreserved	<u>268,343</u>	<u>-</u>	<u>268,343</u>
Total fund balances	<u>\$ 268,343</u>	<u>\$ 37,538</u>	<u>\$ 305,881</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended March 31, 2014

	<u>Special Revenue Environmental Fund</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Revenue			
Investments earnings	\$ 404	\$ 37	\$ 441
Other	-	1,213	1,213
Total Revenue/Change in Fund Balance	<u>404</u>	<u>1,250</u>	<u>1,654</u>
Fund balances, Beginning of year	<u>267,939</u>	<u>36,288</u>	<u>304,227</u>
Fund balances, End of year	<u><u>\$ 268,343</u></u>	<u><u>\$ 37,538</u></u>	<u><u>\$ 305,881</u></u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
March 31, 2014

	<u>Trust & Agency</u>	<u>Tax Collection</u>	<u>Total</u>
ASSETS - Cash and cash equivalents	<u>\$ 7,743</u>	<u>\$ 427,300</u>	<u>\$ 435,043</u>
LIABILITIES			
Due to other funds	\$ -	\$ 239,470	\$ 239,470
Due to other taxing units	<u>7,743</u>	<u>187,830</u>	<u>195,573</u>
Total liabilities	<u>\$ 7,743</u>	<u>\$ 427,300</u>	<u>\$ 435,043</u>