

**AUGUSTA CHARTER TOWNSHIP,
MICHIGAN**

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

Year ended March 31, 2019

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, 2019, 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, 2019, 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
June 28, 2019

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2019**

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, 2019.

Financial Highlights

- The Township experienced an increase in taxable value of 4.7 percent from the year ending March 31, 2018. The Township is anticipating a 15 percent increase in taxable value next year due to the Nexus pipeline property – the millage will be reduced by the Headlee calculation but the township should see a noticeable increase in tax revenues as a result.
- State shared revenues increased 4.2 percent for the year ending March 31, 2018.
- Applications for new single family homes decreased from forty (40) to twenty-five (29) from the prior year ending March 31, 2018.

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 borne by the Fire and Utility departments based upon square footage occupied. As of 2019 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 its contract with 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, 2019**

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, 2019. 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, 2019. Such information may be useful in evaluating a government's near-term financing requirements.

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2019**

Governmental funds (Continued) The Township maintains six individual governmental funds; the General Fund, Fire Fund, Street Lighting 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, Capital Projects Fund, Fire Department Building Fund and Utilities Capital Improvement Fund.

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, 2019**

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 \$8,888,236 at the close of the year ended March 31, 2019.

By far the largest portion of the Township's net position (47 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.

	Governmental Activities	Business-Type Activities	2019	2018
Assets				
Current and other assets	\$ 3,051,140	\$ 1,874,633	\$ 4,925,773	\$ 4,322,422
Capital assets	542,121	3,676,343	4,218,464	4,342,831
Total assets	3,593,261	5,550,976	9,144,237	8,665,253
Liabilities				
Current liabilities	28,861	145,399	174,260	118,707
Long term liabilities outstanding	81,741	-	81,741	78,246
Total liabilities	110,602	145,399	256,001	196,953
Net Position				
Invested in capital assets, net of related debt	478,199	3,676,343	4,154,542	4,342,831
Restricted	1,872,651	-	1,872,651	1,591,220
Unrestricted	1,131,809	1,729,234	2,861,043	2,534,249
Total net position	\$ 3,482,659	\$ 5,405,577	\$ 8,888,236	\$ 8,468,300

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2019**

Augusta Charter Township's Net Position (Continued) An additional portion of the Township's net position (21 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$2,861,043 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, 2019**

	Governmental Activities	Business-Type Activities	2019	2018
Program revenue				
Charges for services				
Connection fees	\$ 124,621	\$ -	\$ 124,621	\$ 130,000
Utility	-	1,490,711	1,490,711	1,460,102
Total program revenue	<u>124,621</u>	<u>1,490,711</u>	<u>1,615,332</u>	<u>1,590,102</u>
Operating grants and contributions	-	73,629	73,629	42,400
Capital grants and contributions				
General government	-	-	-	18,211
Public safety	3,338	-	3,338	23,256
Total capital grants and contributions	<u>3,338</u>	<u>-</u>	<u>3,338</u>	<u>41,467</u>
General revenue				
Property taxes	883,332	-	883,332	831,951
State revenue sharing	574,484	-	574,484	551,335
Franchise fees	53,242	-	53,242	64,544
Special assessment	3,803	-	3,803	-
Interest on special assessments	-	38,769	38,769	109
Investment earnings	-	2,592	2,592	38,049
License and permits	9,300	-	9,300	4,920
Other	162,826	-	162,826	158,635
Total general revenue	<u>1,686,987</u>	<u>41,361</u>	<u>1,728,348</u>	<u>1,649,543</u>
Total revenue	<u>1,814,946</u>	<u>1,605,701</u>	<u>3,420,647</u>	<u>3,323,512</u>
Expenses				
General government	618,058	-	618,058	654,644
Public safety	342,952	-	342,952	367,397
Public works	236,220	-	236,220	180,406
Community and economic development	37,572	-	37,572	43,207
Interest on long-term debt	3,497	-	3,497	3,358
Utility	-	1,762,412	1,762,412	1,761,232
Total expenses	<u>1,238,299</u>	<u>1,762,412</u>	<u>3,000,711</u>	<u>3,010,244</u>
Special items				
Gain on sale of assets	-	-	-	48,895
Land donation	-	-	-	38,700
Total special items	-	-	-	87,595
Change in net position	576,647	(156,711)	419,936	400,863
Net position, beginning of year	<u>2,906,012</u>	<u>5,562,288</u>	<u>8,468,300</u>	<u>8,067,437</u>
Net position, end of year	<u>\$ 3,482,659</u>	<u>\$ 5,405,577</u>	<u>\$ 8,888,236</u>	<u>\$ 8,468,300</u>

**AUGUSTA CHARTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2019**

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, 2019, the Township's governmental funds reported a combined ending fund balances of \$2,961,234. Special Revenue and Capital Projects Funds have \$1,883,497 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 \$1,074,918. 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 \$146,103 during the year ended March 31, 2019.

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 \$1,729,234 as shown on Page 18 of the report. The total decrease in net position for the fund was \$156,711 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, 2019, amounts to \$4,218,464 (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, 2019, the Township had total contract debt outstanding of \$81,741. 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, 2019**

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 will also see an increase in tax revenue due to the installation of the Nexus pipeline.

The newly purchased Township property on Judd and Whittaker is being developed for the Township Fire Hall using millage previously approved by the voters. The site is being engineered in a manner that would allow possible construction of a new Township offices near the Fire Hall. Due to years of financial mismanagement in its water and sewer fund, the Township is in the unfortunate position of having to borrow money to perform a modest \$2 million in repairs. The Township has also engaged a consultant to perform a rate analysis and operational efficiency review to best allocate costs and achieve a recovery of those costs.

The Fire Hall and water and sewer repairs represent the only new borrowings for the Township as all other costs have been reduced such that operating revenues exceed expenditures. This allows the Township to put money aside for needed capital expenditures and the board adopted a multi-year capital budget for the first time. The use of a multi-year capital budget allowed the board to adjust the timing of the above major expenditures so that it could combine the borrowing into one and save approximately \$75,000 in borrowing costs.

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 Clerk, 8021 Talladay Road, P.O. Box 100, Whittaker, MI 48190.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF NET POSITION
March 31, 2019

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 2,821,138	\$ 995,685	\$ 3,816,823
Accounts receivable	14,246	263,443	277,689
Special assessment receivables	-	546,850	546,850
Due from other governmental units	150,971	62,275	213,246
Due from agency fund	59,466	6,380	65,846
Prepaid expenses	5,319	-	5,319
Capital assets:			
Capital assets not being depreciated	247,738	-	247,738
Capital assets being depreciated (net)	294,383	3,676,343	3,970,726
Total assets	<u>3,593,261</u>	<u>5,550,976</u>	<u>9,144,237</u>
LIABILITIES			
Accounts payable	25,476	145,399	170,875
Salaries payable	2,610	-	2,610
Accrued interest	775	-	775
Noncurrent liabilities:			
Due within one year - long-term debt	34,254	-	34,254
Due in more than one year - long-term debt	47,487	-	47,487
Total liabilities	<u>110,602</u>	<u>145,399</u>	<u>256,001</u>
NET POSITION			
Invested in capital assets	478,199	3,676,343	4,154,542
Restricted:			
Fire department	1,347,847	-	1,347,847
Utilities capital improvement	460,802	-	460,802
Street lighting	1,015	-	1,015
Farmland preservation	62,987	-	62,987
Unrestricted	1,131,809	1,729,234	2,861,043
Total net position	<u>\$ 3,482,659</u>	<u>\$ 5,405,577</u>	<u>\$ 8,888,236</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF ACTIVITIES
Year Ended March 31, 2019

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues & Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 618,058	\$ -	\$ -	\$ -	\$ (618,058)	\$ -	\$ (618,058)
Public safety	342,952	-	-	3,338	(339,614)	-	(339,614)
Public works	236,220	124,621	-	-	(111,599)	-	(111,599)
Community and economic development	37,572	-	-	-	(37,572)	-	(37,572)
Interest on long-term debt	3,497	-	-	-	(3,497)	-	(3,497)
Total governmental activities	1,238,299	124,621	-	3,338	(1,110,340)	-	(1,110,340)
Business-type activities:							
Utility fund	1,762,412	1,490,711	73,629	-	-	(198,072)	(198,072)
Total government	<u>\$ 3,000,711</u>	<u>\$ 1,615,332</u>	<u>\$ 73,629</u>	<u>\$ 3,338</u>	<u>\$ (1,110,340)</u>	<u>\$ (198,072)</u>	<u>\$ (1,308,412)</u>
			General revenues:				
			Property taxes	\$ 883,332	\$ -	\$ 883,332	
			State revenue sharing	574,484	-	574,484	
			Franchise fees	53,242	-	53,242	
			Special assessment	3,803	-	3,803	
			Interest on special assessments	-	38,769	38,769	
			Investment earnings	-	2,592	2,592	
			License and permits	9,300	-	9,300	
			Other	162,826	-	162,826	
			Total general revenues	1,686,987	41,361	1,728,348	
			Change in Net Position		576,647	(156,711)	419,936
			Net Position, Beginning of year		2,906,012	5,562,288	8,468,300
			Net Position, End of year		<u>\$ 3,482,659</u>	<u>\$ 5,405,577</u>	<u>\$ 8,888,236</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2019

	<u>General</u>	<u>Fire Fund</u>	<u>Fire Department Building Fund</u>	<u>Capital Projects Fund</u>	<u>Utilities Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash	\$ 960,508	\$ 543,313	\$ 646,179	\$ 147,605	\$ 460,802	\$ 62,731	\$ 2,821,138
Accounts receivable	13,608	638	-	-	-	-	14,246
Due from other governmental units	115,470	22,804	11,470	-	-	1,227	150,971
Due from agency fund	21,271	24,315	12,229	-	-	1,651	59,466
Prepaid expenditures	2,819	2,500	-	-	-	-	5,319
Total assets	<u>\$ 1,113,676</u>	<u>\$ 593,570</u>	<u>\$ 669,878</u>	<u>\$ 147,605</u>	<u>\$ 460,802</u>	<u>\$ 65,609</u>	<u>\$ 3,051,140</u>
LIABILITIES							
Accounts payable	\$ 8,746	\$ 2,760	\$ 13,748	\$ -	\$ -	\$ 222	\$ 25,476
Salaries payable	874	1,736	-	-	-	-	2,610
Total liabilities	<u>9,620</u>	<u>4,496</u>	<u>13,748</u>	<u>-</u>	<u>-</u>	<u>222</u>	<u>28,086</u>
Deferred inflows of resources							
Unavailable revenue - Property tax	26,319	22,804	11,470	-	-	1,227	61,820
FUND BALANCES							
Nonspendable	2,819	2,500	-	-	-	-	5,319
Restricted:							
Fire department	-	563,770	644,660	147,605	-	-	1,356,035
Utilities capital improvement	-	-	-	-	460,802	-	460,802
Street lighting	-	-	-	-	-	934	934
Farmland preservation	-	-	-	-	-	63,226	63,226
Unassigned	1,074,918	-	-	-	-	-	1,074,918
Total fund balances	<u>1,077,737</u>	<u>566,270</u>	<u>644,660</u>	<u>147,605</u>	<u>460,802</u>	<u>64,160</u>	<u>2,961,234</u>
Total liabilities and fund balance	<u>\$ 1,113,676</u>	<u>\$ 593,570</u>	<u>\$ 669,878</u>	<u>\$ 147,605</u>	<u>\$ 460,802</u>	<u>\$ 65,609</u>	<u>\$ 3,051,140</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
March 31, 2019

FUND BALANCE REPORTED IN GOVERNMENTAL FUNDS	\$ 2,961,234
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	247,738
Capital assets being depreciated (net)	294,383
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	
	61,820
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 to the extent due; and all liabilities, both current and long term, are reported in the statement of position. These liabilities include:	
Capital lease payable	(81,741)
Accrued interest payable on capital lease	<u>(775)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,482,659</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2019

	General	Fire Fund	Fire Department Building Fund	Capital Projects Fund	Utilities Capital Improvement Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUE							
Property taxes	\$ 198,283	\$ 442,334	222,439	\$ -	\$ -	\$ 22,224	\$ 885,280
State shared revenue	574,484	-	-	-	-	-	574,484
Franchise fees	53,242	-	-	-	-	-	53,242
Licenses and permits	9,300	-	-	-	-	-	9,300
Grants	-	3,338	-	-	-	-	3,338
Charges for services	-	-	-	-	124,621	-	124,621
Special assessment	-	-	-	-	-	3,803	3,803
Other	147,939	8,676	2,541	1,062	2,090	518	162,826
Total revenue	983,248	454,348	224,980	1,062	126,711	26,545	1,816,894
EXPENDITURES							
General government	535,650	-	23,250	-	-	-	558,900
Public safety	-	288,337	-	7,000	-	2,869	298,206
Public works	236,220	-	-	-	-	-	236,220
Community and economic development	37,386	-	-	-	-	186	37,572
Debt service	-	-	-	-	-	-	-
Principal	5,256	25,248	-	-	-	-	30,504
Interest on long-term debt	939	2,558	-	-	-	-	3,497
Capital outlay	55,693	10,177	-	156,895	-	-	222,765
Total expenditures	871,144	326,320	23,250	163,895	-	3,055	1,387,664
Other Financing Sources							
Capital lease	33,999	-	-	-	-	-	33,999
Total other financing sources	33,999	-	-	-	-	-	33,999
Net Change in Fund Balances	146,103	128,028	201,730	(162,833)	126,711	23,490	463,229
Fund Balances, Beginning of year	931,634	438,242	442,930	310,438	334,091	40,670	2,498,005
Fund Balances, End of year	<u>\$ 1,077,737</u>	<u>\$ 566,270</u>	<u>\$ 644,660</u>	<u>\$ 147,605</u>	<u>\$ 460,802</u>	<u>\$ 64,160</u>	<u>\$ 2,961,234</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 \$ 463,229

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	202,111
Depreciation and amortization expense	(83,753)

Issuing capital leases provides current financial resources to government funds, but increases long-term liabilities in the statement of net position	(33,999)
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The repayment of long-term liabilities is an expenditure in the government funds, but reduces long-term liabilities in the statement of net position	30,504
--	--------

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	(1,948)

Change in accrued interest payable not recorded on the modified accrual statements	<u>503</u>
--	------------

Change in Net Position of Governmental Activities	<u><u>576,647</u></u>
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AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUND
March 31, 2019

	<u>Enterprise Fund</u> <u>Utility</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 995,685
Receivables (net) - customers	263,443
Special assessment receivables	34,609
Due from other governmental units	62,275
Due from agency fund	<u>6,380</u>
Total current assets	<u>1,362,392</u>
NONCURRENT ASSETS	
Special assessment receivables	512,241
Capital assets being depreciated (net)	<u>3,676,343</u>
Total noncurrent assets	<u>4,188,584</u>
Total assets	<u>5,550,976</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	<u>145,399</u>
Total liabilities	<u>145,399</u>
NET POSITION	
Invested in capital assets	3,676,343
Unrestricted	<u>1,729,234</u>
Total net position	<u><u>\$ 5,405,577</u></u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended March 31, 2019

	<u>Enterprise Fund</u> <u>Utility</u>
OPERATING REVENUE	
Water and sewer usage	\$ 1,323,112
Charges for services	140,185
Other revenue	<u>27,414</u>
Total operating revenue	<u>1,490,711</u>
OPERATING EXPENSES	
Cost of water	589,456
Cost of sewage treatment	380,351
Operation and maintenance	279,240
General and administrative costs	259,860
Depreciation and amortization	<u>253,505</u>
Total operating expenses	<u>1,762,412</u>
Operating loss	<u>(271,701)</u>
NONOPERATING REVENUE	
State grant	73,629
Interest on special assessments	38,769
Interest income	<u>2,592</u>
Total nonoperating revenue	<u>114,990</u>
Change in net position	(156,711)
Net Position , Beginning of year	<u>5,562,288</u>
Net Position , End of year	<u><u>\$ 5,405,577</u></u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended March 31, 2019

	<u>Enterprise Fund</u> <u>Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,609,474
Payments to suppliers	(1,453,570)
Receipts from other funds	<u>(2,209)</u>
Net cash provided by operating activities	153,695
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grant from other governments	<u>63,141</u>
Net cash provided by noncapital and related financing activities	63,141
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(10,782)
Special assessment interest	<u>38,769</u>
Net cash provided by capital and related financing activities	27,987
CASH FLOWS FROM INVESTING ACTIVITY	
Interest income	<u>2,592</u>
Net increase in cash and cash equivalents	247,415
Cash, Beginning of year	<u>748,270</u>
Cash, End of year	<u><u>\$ 995,685</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (271,701)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization expense	253,505
Changes in assets and liabilities:	
Receivables	111,542
Due from other governmental units	7,221
Due from agency fund	6,582
Accounts payable	55,337
Due to other funds	<u>(8,791)</u>
Net cash provided by operating activities	<u><u>\$ 153,695</u></u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
March 31, 2019

ASSETS

Cash	\$	164,334
Accounts receivable		<u>6,302</u>
Total assets	\$	<u><u>170,636</u></u>

LIABILITIES

Accounts payable	\$	2,997
Due to other funds		65,846
Due to other taxing units		<u>101,793</u>
Total liabilities	\$	<u><u>170,636</u></u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

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, 2019

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.

Fire Department Buildings Fund

The *Fire Department Buildings fund* is to account for a tax levy for the purpose of funding the construction of a new fire hall.

Capital Projects Fund

The *Capital Projects fund* is to account for funding capital improvements to the Township's buildings.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Utilities Capital Improvement Fund

The *Utilities Capital Improvement fund* is to account for funding the capital improvement of the water and sewer system.

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.

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.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

The Township has 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, 2018 are revenues in the Township's fiscal year ended March 31, 2019.

The Township had a general tax millage of 0.8084 for 2019. The Township's maximum allowable millage is 0.8084 mills. The Township had a fire department millage of 1.9748 for 2019. The Township had a fire station millage of 0.9933 for 2019. The Township had a farm open space preservation millage of 0.0993 for 2019.

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."

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

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.

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, 2019

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 and property tax collection 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, 2019

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, 2019

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

Excess of Expenditures over Appropriations in Budgeted Funds

During the year ended March 31, 2019, 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			
Supervisor	\$ 28,096	\$ 28,269	\$ (173)
Assessor	\$ 48,104	\$ 48,122	\$ (18)
Capital outlay	\$ 28,740	\$ 61,888	\$ (33,148)
Fire Fund			
Contracted services	\$ 8,302	\$ 11,262	\$ (2,960)
Utilities	\$ 8,000	\$ 8,549	\$ (549)

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, 2019, \$3,730,683 of the Township's bank balance of \$3,980,683 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>Fire Department Building Fund</u>	<u>Utility Fund</u>	<u>Total</u>
State shared revenue	\$ 89,151	\$ -	\$ -	\$ -	\$ 89,151
Property tax	26,319	22,804	11,470	-	60,593
Customer	13,608	638	-	263,443	277,689
Special assessments	-	-	-	546,850	546,850
	<u>\$ 129,078</u>	<u>\$ 23,442</u>	<u>\$ 11,470</u>	<u>\$ 810,293</u>	<u>\$ 974,283</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

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	\$ 78,200	\$ 156,895	\$ -	\$ 235,095
Construction in progress	-	12,643	-	12,643
Subtotal	78,200	169,538	-	247,738
Capital assets being depreciated				
Buildings and improvements	102,597	21,648	-	124,245
Office furniture and equipment	46,987	-	-	46,987
Computers and software	89,879	10,925	(26,709)	74,095
Vehicles	1,661,192	-	-	1,661,192
Fire equipment	441,982	-	-	441,982
Subtotal	2,342,637	32,573	(26,709)	2,348,501
Less accumulated depreciation for				
Buildings and improvements	96,210	4,103	-	100,313
Office furniture and equipment	46,112	125	-	46,237
Computers and software	64,266	13,034	(26,709)	50,591
Vehicles	1,482,841	31,975	-	1,514,816
Fire equipment	307,645	34,516	-	342,161
Subtotal	1,997,074	83,753	(26,709)	2,054,118
Net capital assets being depreciated	<u>345,563</u>	<u>(51,180)</u>	<u>-</u>	<u>294,383</u>
Governmental activities total Capital assets - net of depreciation and amortization	<u>\$ 423,763</u>	<u>\$ 118,358</u>	<u>\$ -</u>	<u>\$ 542,121</u>

Included in capital assets is leased equipment under a capital lease with a cost of \$235,920 and accumulated amortization of \$151,808. Amortization expense related to the capital lease was \$30,685 for the year ended March 31, 2019.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

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	\$ 8,874,205	\$ -	\$ -	\$ 8,874,205
Water meters and equipment	644,625	-	-	644,625
Sewer system	1,438,614	-	-	1,438,614
Sewer equipment	129,630	10,782	(1,859)	138,553
	<u>11,087,074</u>	<u>10,782</u>	<u>(1,859)</u>	<u>11,095,997</u>
Subtotal	11,087,074	10,782	(1,859)	11,095,997
Less accumulated depreciation for				
Water system	5,240,857	221,855	-	5,462,712
Water meters and equipment	499,284	16,335	-	515,619
Sewer system	1,317,108	13,783	-	1,330,891
Sewer equipment	110,759	1,532	(1,859)	110,432
	<u>7,168,008</u>	<u>253,505</u>	<u>(1,859)</u>	<u>7,419,654</u>
Subtotal	7,168,008	253,505	(1,859)	7,419,654
Net capital assets being depreciated	<u>3,919,066</u>	<u>(242,723)</u>	<u>-</u>	<u>3,676,343</u>
Business-type activities total				
Capital assets - net of depreciation	<u>\$ 3,919,066</u>	<u>\$ (242,723)</u>	<u>\$ -</u>	<u>\$ 3,676,343</u>

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

Governmental activities	
General government	\$ 17,262
Public safety	<u>66,491</u>
Total depreciation and amortization	<u>\$ 83,753</u>
Business-type activities	
Utility	<u>\$ 253,505</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balance as of March 31, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Tax collection fund	\$ 16,013
	Developer fund	\$ 5,258
Fire fund	Tax collection fund	\$ 24,315
Street lighting fund	Tax collection fund	\$ 432
Farmland preservation fund	Tax collection fund	\$ 1,219
Fire department building fund	Tax collection fund	\$ 12,229
Utility fund	Tax collection fund	\$ 6,380

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.

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 1st beginning in 2014 in the amount of \$27,806 including interest through 2021.

The Township entered into a capital lease agreement for the purchase of computers in the amount of \$33,999 in August 2018. Monthly payments are required in the amount of \$774 including interest through 2023.

Long-term capital lease 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	2023	\$	<u>78,246</u>	<u>\$33,999</u>	<u>\$ 30,504</u>	<u>\$ 81,741</u>
						<u>\$ 34,254</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

NOTE 7 – CAPITAL LEASE (Continued)

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

Year Ended March 31,	Principal	Interest	Total
2020	\$ 34,254	\$ 2,845	\$ 37,099
2021	35,478	1,621	37,099
2022	8,940	353	9,293
2023	3,069	28	3,097
	<u>\$ 81,741</u>	<u>\$ 4,847</u>	<u>\$ 86,588</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 expired in 2019, provides that the cable provider pay an annual franchise fee of 5% of gross annual revenues to the Township. The Township renewed the contract in 2019 with a period of ten years.

Total franchise fees recognized under these agreements during the current year were \$53,242.

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 \$39,502 for the year ended March 31, 2019.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

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 June 28, 2019, the date the financial statements were available to be issued. The Township will be issuing bonds not to exceed \$4 million dollars next year to fund the construction of the new fire hall and major capital repairs to the water and sewer system.

REQUIRED SUPPLEMENTAL INFORMATION

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2019

	BUDGETED AMOUNTS		Actual	Variance with Final Budget
	Original	Final		
REVENUE				
Property taxes	\$ 174,716	\$ 199,716	\$ 198,283	\$ (1,433)
State shared revenue	517,000	517,000	574,484	57,484
Franchise fees	55,000	55,000	53,242	(1,758)
Licenses and permits	15,100	15,100	9,300	(5,800)
Other revenue	105,910	158,860	147,939	(10,921)
Total revenue	867,726	945,676	983,248	37,572
EXPENDITURES				
General government:				
General government	321,944	322,044	286,524	35,520
Supervisor	28,096	28,096	28,269	(173)
Treasurer	64,608	64,608	55,671	8,937
Assessor	48,104	48,104	48,122	(18)
Clerk	65,566	65,566	64,831	735
Elections	25,870	34,310	31,550	2,760
Township Hall	24,800	24,800	20,683	4,117
Capital outlay	1,000	28,740	61,888	(33,148)
Total general government	579,988	616,268	597,538	18,730
Public works:				
Drains at large	52,000	52,000	34,435	17,565
Road improvement	202,000	214,000	201,785	12,215
Total public works	254,000	266,000	236,220	29,780
Community and economic development -				
Planning and zoning	43,282	47,282	37,386	9,896
Total expenditures	877,270	929,550	871,144	58,406
Excess of revenue over (under) expenditures	(9,544)	16,126	112,104	95,978
Other Financing Sources				
Capital lease	-	-	33,999	33,999
Total other financing sources	-	-	33,999	33,999
Net Change in Fund Balance	(9,544)	16,126	146,103	129,977
Fund Balance, Beginning of year	931,634	931,634	931,634	-
Fund Balance, End of year	\$ 922,090	\$ 947,760	\$ 1,077,737	\$ 129,977

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - FIRE FUND
Year Ended March 31, 2019

	BUDGETED AMOUNTS		Actual	Variance with Final Budget
	Original	Final		
REVENUE				
Property taxes	\$ 421,919	\$ 421,919	\$ 442,334	\$ 20,415
Grants	-	-	3,338	3,338
Other revenue	-	-	8,676	8,676
	<u>421,919</u>	<u>421,919</u>	<u>454,348</u>	<u>32,429</u>
EXPENDITURES				
Salaries and wages	169,600	169,600	131,433	38,167
Fringe benefits	41,823	41,823	32,495	9,328
Supplies and other	31,500	31,500	18,888	12,612
Repairs and maintenance	64,609	64,609	39,539	25,070
Contracted services	8,100	8,302	11,262	(2,960)
Insurance	27,350	27,350	26,615	735
Dues and materials	9,000	8,000	6,608	1,392
Communications	15,500	15,500	12,668	2,832
Utilities	8,000	8,000	8,549	(549)
Interest	3,400	3,400	2,558	842
Other	2,000	2,000	280	1,720
Capital outlay	16,000	16,000	10,177	5,823
Loan payments	24,450	25,248	25,248	-
	<u>421,332</u>	<u>421,332</u>	<u>326,320</u>	<u>95,012</u>
Net Change in Fund Balance	587	587	128,028	127,441
Fund Balance, Beginning of year	<u>438,242</u>	<u>438,242</u>	<u>438,242</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 438,829</u>	<u>\$ 438,829</u>	<u>\$ 566,270</u>	<u>\$ 127,441</u>

OTHER SUPPLEMENTAL INFORMATION

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
March 31, 2019

	Special Revenue Fund		Total Nonmajor Governmental Funds
	Street Lighting Fund	Farmland Preservation Fund	
ASSETS			
Cash	\$ 724	\$ 62,007	\$ 62,731
Due from other governmental units	81	1,146	1,227
Due from agency fund	432	1,219	1,651
	<u>1,237</u>	<u>64,372</u>	<u>65,609</u>
Total assets	<u>\$ 1,237</u>	<u>\$ 64,372</u>	<u>\$ 65,609</u>
LIABILITIES			
Accounts payable	\$ 222	\$ -	\$ 222
Deferred inflows of resources			
Unavailable revenue - Property tax	81	1,146	1,227
FUND BALANCES			
Restricted - Farmland preservation	-	63,226	63,226
Restricted - Street lighting	934	-	934
	<u>934</u>	<u>63,226</u>	<u>64,160</u>
Total fund balances	<u>934</u>	<u>63,226</u>	<u>64,160</u>
Total deferred inflows of resources, and fund balances	<u>\$ 1,237</u>	<u>\$ 64,372</u>	<u>\$ 65,609</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended March 31, 2019

	Special Revenue Fund		Total Nonmajor Governmental Funds
	Street Lighting Fund	Farmland Preservation Fund	
Revenue			
Property taxes	\$ -	\$ 22,224	\$ 22,224
Special assessment	3,803	-	3,803
Other revenue	-	518	518
Total revenue	3,803	22,742	26,545
Expenditures			
Supplies	-	186	186
Public work	2,869	-	2,869
Total expenditures	2,869	186	3,055
Net Change in Fund Balance	934	22,556	23,490
Fund balances , Beginning of year	-	40,670	40,670
Fund balances , End of year	\$ 934	\$ 63,226	\$ 64,160

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
March 31, 2019

	<u>Trust & Agency</u>	<u>Tax Collection</u>	<u>Developer Fund</u>	<u>Total</u>
ASSETS				
Cash	\$ 3,339	\$ 160,995	\$ -	\$ 164,334
Accounts receivable	-	-	6,302	6,302
	<u>3,339</u>	<u>160,995</u>	<u>6,302</u>	<u>170,636</u>
Total assets	<u>\$ 3,339</u>	<u>\$ 160,995</u>	<u>\$ 6,302</u>	<u>\$ 170,636</u>
LIABILITIES				
Accounts payable	\$ 2,997	\$ -	\$ -	\$ 2,997
Due to other funds	-	60,588	5,258	65,846
Due to other taxing units	342	100,407	1,044	101,793
	<u>342</u>	<u>100,407</u>	<u>1,044</u>	<u>101,793</u>
Total liabilities	<u>\$ 3,339</u>	<u>\$ 160,995</u>	<u>\$ 6,302</u>	<u>\$ 170,636</u>