

**AUGUSTA CHARTER TOWNSHIP,
MICHIGAN**

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

Year ended March 31, 2021

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, 2021, 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, 2021, 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.

Implementation of GASB Statement No. 84

As discussed in Note 12 to the financial statements, the Township implemented the provisions of GASB Statement No. 84, Fiduciary Activities, for the year ended March 31, 2021. This statement provided guidance regarding the identification of fiduciary activities for accounting and reporting purposes and how those activities should be reported. As a result, certain fiduciary activities have been reclassified and other activities that were not previously reported as fiduciary activities are now reported as fiduciary activities.

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 as listed in the table of contents 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 Supplemental 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 combining non-major fund statements 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 is the responsibility of management and were derived from and relate 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 statement 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 and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The image shows a handwritten signature in dark ink. The letters 'UHY' are written in a large, stylized, cursive font, and 'LLP' is written in a smaller, simpler font to the right of 'UHY'.

Farmington Hills, Michigan
July 22, 2021

AUGUSTA CHARTER TOWNSHIP, MICHIGAN MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2021

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, 2021.

Financial Highlights

- The Township experienced an increase in taxable value of 2.5 percent from the prior year. The Township budgeted a 1.4 percent increase in taxable value next year due to inflation.
- State shared revenues remained flat for the year ending March 31, 2021.

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 2021, the Elections Department shares a small portion for storage. This lease ended in April of 2021 as the Township is now able to utilize their own buildings for their storage needs as well as operating the Fire Department. The Township is finalizing the construction of a new fire station for Fire operations and expect it to be complete in the spring of 2021.

Business-type activities:

The Township's business-type Utility Fund has been split into two funds: Water Fund and Sewer Fund. The Water Fund supplies water distribution to residents through a contract with Ypsilanti Community Utility Authority (YCUA). The Sewer Fund provides sewage treatment to residents through its contract with YCUA.

Overview of the Financial Statements

This discussion and analysis are 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, 2021

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, 2021. 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 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 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, 2021. 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, 2021

Governmental funds (Continued) The Township maintains eight individual governmental funds; the General Fund, Fire Fund, Street Lighting Fund, Equipment Fund, Farmland Preservation Fund, Debt Service 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, Debt Service 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 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 enterprise funds to account for its Water and Sewer Funds. 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 Water and Sewer Funds, which are considered to be major funds of the Township. The proprietary fund financial statements can be found on pages 17-19 of this report.

Custodial funds. Custodial funds are used to account for resources held for the benefit of parties outside the government. Custodial 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 custodial fund financial statements can be found on pages 20-21 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 22-41 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, 2021

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 \$9,906,066 at the close of the year ended March 31, 2021.

By far the largest portion of the Township's net position (48 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 Water and Sewer Funds, which supply 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.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets				
Current and other assets	\$ 4,016,836	\$ 5,499,138	\$ 3,005,294	\$ 3,549,972
Capital assets	3,113,260	735,271	4,249,019	3,575,476
Total assets	<u>7,130,096</u>	<u>6,234,409</u>	<u>7,254,313</u>	<u>7,125,448</u>
Liabilities				
Current liabilities	1,018,808	321,541	256,247	259,770
Long term liabilities outstanding	1,297,490	1,513,762	1,905,798	1,984,119
Total liabilities	<u>2,316,298</u>	<u>1,835,303</u>	<u>2,162,045</u>	<u>2,243,889</u>
Net Position				
Net investment in capital assets	1,599,498	412,882	3,182,778	3,418,110
Restricted	2,225,260	2,836,249	-	-
Unrestricted	989,040	1,149,975	1,909,490	1,463,449
Total net position	<u>\$ 4,813,798</u>	<u>\$ 4,399,106</u>	<u>\$ 5,092,268</u>	<u>\$ 4,881,559</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2021

Augusta Charter Township's Net Position (Continued) An additional portion of the Township's net position (22.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$2,898,530 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.

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Program revenue				
Charges for services	\$ 48,400	\$ 86,075	\$ 1,839,814	\$ 1,650,363
Operating grants and contributions	48,066	2,472	93,675	65,505
Total program revenues	96,466	88,547	1,933,489	1,715,868
General revenue				
Property taxes	1,042,979	1,008,319	-	-
State revenue sharing	604,955	600,615	-	-
Franchise fees	55,848	53,877	-	-
Special assessment	2,917	3,200	-	-
Interest on special assessments	-	-	30,428	33,389
Investment earnings	-	-	8,026	13,572
License and permits	3,500	9,835	-	-
Other	188,263	181,168	-	-
Transfers in (out) - net	(113,000)	330,187	113,000	(330,187)
Total general revenue	1,785,462	2,187,201	151,454	(283,226)
Total revenue	1,881,928	2,275,748	2,084,943	1,432,642
Expenses				
General government	598,837	667,825	-	-
Public safety	466,918	418,802	-	-
Public works	313,927	246,223	-	-
Community and economic development	30,753	26,451	-	-
Recreation and culture	11,323	-	-	-
Interest charges	45,478	-	-	-
Utility	-	-	1,874,234	1,956,660
Total expenses	1,467,236	1,359,301	1,874,234	1,956,660
Change in net position	414,692	916,447	210,709	(524,018)
Net position, beginning of year	4,399,106	3,482,659	4,881,559	5,405,577
Net position, end of year	\$ 4,813,798	\$ 4,399,106	\$ 5,092,268	\$ 4,881,559

AUGUSTA CHARTER TOWNSHIP, MICHIGAN MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2021

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, 2021, the Township's governmental funds reported a combined ending fund balances of \$3,205,491. Special Revenue and Capital Projects Funds have \$2,234,002 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 \$967,416. 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 \$122,481 during the year ended March 31, 2021.

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

Unrestricted net position of the Water and Sewer Funds at the end of the year amounted to \$1,425,077 and \$484,413, respectively, as shown on Page 17 of the report. The total increase in net position for the Water and Sewer funds were \$49,011 and \$161,698, respectively, and as shown on Page 18 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, 2021, amounts to \$4,782,276 (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, 2021, the Township had total contract debt outstanding of \$12,009. This amount comprises debt backed by the full faith and credit of the government.

The township had total bonded debt of \$1,340,000 outstanding as of March 31, 2021 related to the construction of a new Fire Station and the debt service is paid through a voted debt service millage. Business-type activities have \$1,900,000 outstanding at year end related to the infrastructure improvements needed in the Water and Sewer funds and the debt service is paid through increased water and sewer rates.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2021

Economic Factors and Next Year's Budgets and Rates

The 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 new Township offices near the Fire Hall. The Township sold bonds for both of these projects during the prior year and is now finishing the construction phase of the projects. The township is also finishing a water meter project which updates all meters in the township and converts the township customers to automated meter reading providing for more accurate, cost-effective meter reads.

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, 2021

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 3,058,378	\$ 939,442	\$ 3,997,820
Cash and cash equivalents - restricted	761,559	1,151,847	1,913,406
Accounts receivable	24,668	412,195	436,863
Special assessment receivables	-	459,664	459,664
Due from other governmental units	153,230	42,146	195,376
Prepaid expenses	19,001	-	19,001
Capital assets:			
Capital assets not being depreciated	2,948,371	817,112	3,765,483
Capital assets being depreciated (net)	164,889	3,431,907	3,596,796
Total assets	<u>7,130,096</u>	<u>7,254,313</u>	<u>14,384,409</u>
Liabilities			
Accounts payable	543,665	151,725	695,390
Accrued expense	199,281	-	199,281
Customer deposits	19,984	-	19,984
Due to other governments	3,422	-	3,422
Salaries payable	8,245	1,100	9,345
Accrued interest	27,939	25,100	53,039
Due within one year - long-term debt	216,272	78,322	294,594
Noncurrent liabilities:			
Due in more than one year - long-term debt	1,297,490	1,905,798	3,203,288
Total liabilities	<u>2,316,298</u>	<u>2,162,045</u>	<u>4,478,343</u>
Net position			
Net investment in capital assets	1,599,498	3,182,778	4,782,276
Restricted:			
Fire department	930,076	-	930,076
Utilities capital improvement	814,047	-	814,047
Street lighting	1,243	-	1,243
Farmland preservation	116,014	-	116,014
Debt service	263,821	-	263,821
Equipment	100,059	-	100,059
Unrestricted	989,040	1,909,490	2,898,530
Total net position	<u>\$ 4,813,798</u>	<u>\$ 5,092,268</u>	<u>\$ 9,906,066</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2021

	General	Fire Fund	Debt Service	Fire Department Building Fund	Utilities Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 874,994	\$ 802,410	\$ 262,007	\$ 93,485	\$ 808,047	\$ 217,435	\$ 3,058,378
Cash and cash equivalents - restricted	-	-	-	761,559	-	-	761,559
Accounts receivable	18,668	-	-	-	6,000	-	24,668
Due from other governmental units	126,489	17,294	8,589	-	-	858	153,230
Prepaid expenditures	4,073	14,928	-	-	-	-	19,001
Total assets	\$ 1,024,224	\$ 834,632	\$ 270,596	\$ 855,044	\$ 814,047	\$ 218,293	\$ 4,016,836
Liabilities							
Accounts payable	\$ 18,172	\$ 33,655	\$ 189	\$ 491,411	\$ -	\$ 238	\$ 543,665
Accrued expense	-	-	-	199,281	-	-	199,281
Customer deposits	19,984	-	-	-	-	-	19,984
Due to other governments	3,422	-	-	-	-	-	3,422
Salaries payable	1,150	7,095	-	-	-	-	8,245
Total liabilities	42,728	40,750	189	690,692	-	238	774,597
Deferred inflows of resources							
Unavailable revenue - Property tax	10,007	17,294	8,589	-	-	858	36,748
Fund balances							
Nonspendable	4,073	14,928	-	-	-	-	19,001
Restricted:							
Fire department	-	761,660	-	164,352	-	-	926,012
Utilities capital improvement	-	-	-	-	814,047	-	814,047
Street lighting	-	-	-	-	-	1,324	1,324
Farmland preservation	-	-	-	-	-	115,814	115,814
Debt service	-	-	261,818	-	-	-	261,818
Equipment	-	-	-	-	-	100,059	100,059
Unassigned	967,416	-	-	-	-	-	967,416
Total fund balances	971,489	776,588	261,818	164,352	814,047	217,197	3,205,491
Total liabilities and fund balances	\$ 1,024,224	\$ 834,632	\$ 270,596	\$ 855,044	\$ 814,047	\$ 218,293	\$ 4,016,836

The accompanying notes are an integral part of these financial statements.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
March 31, 2021

Fund balance reported in governmental funds	\$ 3,205,491
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	2,948,371
Capital assets being depreciated (net)	164,889
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	
	36,748
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	(12,009)
Accrued interest payable on long-term debt	(27,939)
Bonds payable	(1,340,000)
Unamortized bond premium	(161,753)
	<hr/>
Net position of governmental activities	\$ 4,813,798
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AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2021

	<u>General</u>	<u>Fire Fund</u>	<u>Debt Service</u>	<u>Fire Department Building Fund</u>	<u>Utilities Capital Improvement Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues							
Property taxes	\$ 219,739	\$ 537,659	\$ 267,365	\$ -	\$ -	\$ 26,705	\$ 1,051,468
State shared revenue	604,955	-	-	-	-	-	604,955
Franchise fees	55,848	-	-	-	-	-	55,848
Licenses and permits	3,500	-	-	-	-	-	3,500
Grants	16,444	31,622	-	-	-	-	48,066
Charges for services	-	-	-	-	48,400	-	48,400
Special assessment	-	-	-	-	-	2,917	2,917
Others	174,521	5,155	421	7,358	658	150	188,263
Total revenues	<u>1,075,007</u>	<u>574,436</u>	<u>267,786</u>	<u>7,358</u>	<u>49,058</u>	<u>29,772</u>	<u>2,003,417</u>
Expenditures							
General government	590,067	-	440	-	-	-	590,507
Public safety	-	396,501	-	-	-	-	396,501
Public works	311,090	-	-	-	-	2,837	313,927
Community and economic development	30,753	-	-	-	-	-	30,753
Recreation and culture	11,323	-	-	-	-	-	11,323
Debt service							
Principal	8,552	26,926	185,000	-	-	-	220,478
Interest on long-term debt	741	880	64,424	-	-	-	66,045
Capital outlay	-	31,006	-	2,425,730	-	-	2,456,736
Total expenditures	<u>952,526</u>	<u>455,313</u>	<u>249,864</u>	<u>2,425,730</u>	<u>-</u>	<u>2,837</u>	<u>4,086,270</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	-	62,000	62,000
Transfers out	-	(62,000)	-	-	(113,000)	-	(175,000)
Total other financing sources (uses)	<u>-</u>	<u>(62,000)</u>	<u>-</u>	<u>-</u>	<u>(113,000)</u>	<u>62,000</u>	<u>(113,000)</u>
Net change in fund balances	<u>122,481</u>	<u>57,123</u>	<u>17,922</u>	<u>(2,418,372)</u>	<u>(63,942)</u>	<u>88,935</u>	<u>(2,195,853)</u>
Fund balances, beginning of year	<u>849,008</u>	<u>719,465</u>	<u>243,896</u>	<u>2,582,724</u>	<u>877,989</u>	<u>128,262</u>	<u>5,401,344</u>
Fund balances, end of year	<u>\$ 971,489</u>	<u>\$ 776,588</u>	<u>\$ 261,818</u>	<u>\$ 164,352</u>	<u>\$ 814,047</u>	<u>\$ 217,197</u>	<u>\$ 3,205,491</u>

The accompanying notes are an integral part of these financial statements.

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, 2021

Net change in fund balances - total governmental funds	\$ (2,195,853)
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	2,456,736
Depreciation and amortization expense	(78,746)
Repayment of long-term liabilities is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net position	
Principal payments on long-term liabilities	220,477
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	(8,489)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are reported as expenditures in governmental funds	
Amortization of bond premium, and change in accrued interest payable on long-term debt	<u>20,567</u>
Change in net position of governmental activities	<u><u>\$ 414,692</u></u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUND
March 31, 2021

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 222,573	\$ 716,869	\$ 939,442
Cash and cash equivalents - restricted	814,652	337,195	1,151,847
Receivables	142,729	269,466	412,195
Special assessment receivables	-	33,272	33,272
Due from other governmental units	31,114	11,032	42,146
	<u>1,211,068</u>	<u>1,367,834</u>	<u>2,578,902</u>
Total current assets			
Noncurrent assets			
Special assessment receivables	-	426,392	426,392
Capital assets not being depreciated	130,288	686,824	817,112
Capital assets being depreciated	316,453	3,115,454	3,431,907
	<u>446,741</u>	<u>4,228,670</u>	<u>4,675,411</u>
Total noncurrent assets			
Total assets	<u>1,657,809</u>	<u>5,596,504</u>	<u>7,254,313</u>
Liabilities			
Current liabilities			
Accounts payable	63,242	88,483	151,725
Accrued interest	12,550	12,550	25,100
Salary payable	330	770	1,100
Current portion of long-term debt	39,161	39,161	78,322
	<u>115,283</u>	<u>140,964</u>	<u>256,247</u>
Total current liabilities			
Noncurrent liabilities			
Long-term debt	952,899	952,899	1,905,798
	<u>952,899</u>	<u>952,899</u>	<u>1,905,798</u>
Total noncurrent liabilities			
Total liabilities	<u>1,068,182</u>	<u>1,093,863</u>	<u>2,162,045</u>
Net position			
Net investment in capital assets	105,214	3,077,564	3,182,778
Unrestricted	484,413	1,425,077	1,909,490
	<u>589,627</u>	<u>4,502,641</u>	<u>5,092,268</u>
Total net position			

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended March 31, 2021

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating revenues			
Sale of water and sewage disposal charges	\$ 631,811	\$ 1,149,608	\$ 1,781,419
Charges for services	668	40,523	41,191
Other revenue	5,705	11,499	17,204
	<u>638,184</u>	<u>1,201,630</u>	<u>1,839,814</u>
Operating expenses			
Water	-	616,579	616,579
Sewage treatment	328,931	-	328,931
Operation and maintenance	121,602	157,848	279,450
General and administrative costs	185,963	154,045	340,008
Depreciation and amortization	20,802	232,240	253,042
	<u>657,298</u>	<u>1,160,712</u>	<u>1,818,010</u>
Total operating expenses	<u>657,298</u>	<u>1,160,712</u>	<u>1,818,010</u>
Operating gain (loss)	<u>(19,114)</u>	<u>40,918</u>	<u>21,804</u>
Nonoperating revenues (expenses)			
State grant	93,675	-	93,675
Interest on special assessments	-	30,428	30,428
Interest income	2,249	5,777	8,026
Interest expense	(28,112)	(28,112)	(56,224)
	<u>67,812</u>	<u>8,093</u>	<u>75,905</u>
Total nonoperating revenues	<u>67,812</u>	<u>8,093</u>	<u>75,905</u>
Gain before transfers	48,698	49,011	97,709
Transfer in	113,000	-	113,000
	<u>161,698</u>	<u>49,011</u>	<u>210,709</u>
Change in net position	<u>161,698</u>	<u>49,011</u>	<u>210,709</u>
Net position , beginning of year	<u>427,929</u>	<u>4,453,630</u>	<u>4,881,559</u>
Net position , end of year	<u>\$ 589,627</u>	<u>\$ 4,502,641</u>	<u>\$ 5,092,268</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended March 31, 2021

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Cash flows from operating activities			
Receipts from customers	\$ 622,411	\$ 1,217,511	\$ 1,839,922
Payments to goods and services	(653,521)	(880,759)	(1,534,280)
Payments to employee	(13,588)	(24,098)	(37,686)
	<u>(44,698)</u>	<u>312,654</u>	<u>267,956</u>
Net cash provided by (used in) operating activities			
Cash flows from noncapital financing activities			
Grant received	62,561	-	62,561
Transfers in	113,000	-	113,000
	<u>175,561</u>	<u>-</u>	<u>175,561</u>
Net cash provided by noncapital financing activities			
Cash flows from capital and related financing activities			
Principal paid on long-term debt	(37,500)	(37,500)	(75,000)
Interest paid on long-term debt	(28,035)	(28,035)	(56,070)
Acquisition/construction of capital assets	(239,762)	(686,824)	(926,586)
Special assessment interest received	-	30,428	30,428
	<u>(305,297)</u>	<u>(721,931)</u>	<u>(1,027,228)</u>
Net cash used in capital and related financing activities			
Cash flows from investment activities			
Interest received	2,249	5,777	8,026
	<u>(172,185)</u>	<u>(403,500)</u>	<u>(583,711)</u>
Net decrease in cash and cash equivalents			
Cash and cash equivalents, beginning of year	<u>1,209,410</u>	<u>1,457,564</u>	<u>2,666,974</u>
Cash and cash equivalents, end of year	<u>\$ 1,037,225</u>	<u>\$ 1,054,064</u>	<u>\$ 2,083,263</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating gain (loss)	\$ (19,114)	\$ 40,918	\$ 21,804
Adjustments to reconcile operating gain (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization expense	20,802	232,240	253,042
Changes in assets and liabilities:			
Receivables	(15,773)	13,541	(2,232)
Due from other governmental units	-	(210)	(210)
Due from custodial funds	-	2,550	2,550
Accounts payable	(30,613)	24,418	(6,195)
Other liabilities	-	(803)	(803)
	<u>(44,698)</u>	<u>312,654</u>	<u>267,956</u>
Net cash provided by (used in) operating activities			

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
March 31, 2021

Assets

Cash

\$ -

Liabilities

Due to other governments

\$ -

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
CUSTODIAL FUND
March 31, 2021

Additions	
Property tax collection for other governments	\$ 8,915,204
Deductions	
Property tax collection disbursed to other governments	<u>8,915,204</u>
Change in net position	-
Net position , beginning of year	<u>-</u>
Net position , end of year	<u><u>\$ -</u></u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

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 custodial 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, 2021

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.

Debt Service Fund

The *Debt Service fund* is to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs.

Fire Department Building Fund

The *Fire Department Building fund* is to account for proceeds of bonds for the purpose of funding the construction of a new fire hall.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

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 funds:

The *Water fund* accounts for the acquisition, operation and maintenance of the Township's water system.

The *Sewer fund* accounts for the acquisition, operation and maintenance of the Township's sewer system.

The government reports the following non-major funds:

Special revenue funds are used to account for and report the proceeds of revenue sources that are legally restricted or committed to expenditures for specific purposes, not including major capital projects.

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fiduciary Fund Type:

Custodial funds are used to account for assets hold by the Township in a trustee capacity or 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.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 Sewer fund and Water fund are charges to customers for sales and services. Operating expenses for the funds include 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 Township's policy 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, 2020 are revenues in the Township's fiscal year ended March 31, 2021.

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.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax Revenue (Continued)

Taxes were levied as follows:

<u>Purpose</u>	<u>Millage Rate</u>
Operational	0.8071
Fire Department	1.9968
Farm Preservation	0.0991
Fire Station	0.9917

Assets, Liabilities and Fund Equity

Bank Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. To the extent that cash from various funds has been pooled, pooled investment income is generally allocated to each fund using a weighted average of balance for the principal.

Restricted cash and cash equivalents are limited in use to the following:

Cash equivalents restricted for fire station construction	\$ 761,559
Cash equivalents restricted for sewer system capital projects	814,652
Cash equivalents restricted for water system capital projects	<u>337,195</u>
	<u>\$ 1,913,406</u>

Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Balances outstanding at year-end are reported as due to/from other funds. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At March 31, 2021, the allowance for uncollectible accounts was \$-0-, as the Township expects to collect all outstanding receivables.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Receivables (continues)

In addition to transactions related to pooled cash, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are included in the “due from other funds” or “due to other funds” accounts on the balance sheet. Any residual balance outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenue at the time reimbursable project costs are incurred. Amounts received in advance of project costs being incurred are reported as unearned revenue.

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.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

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. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line basis.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

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.

Unassigned

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

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (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. In particular, the COVID-19 pandemic and the resulting adverse impact to global economic conditions, as well as the Township operations, may affect future estimates, including, but not limited to, the allowance for doubtful accounts.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted for the general and special revenue funds on a basis consistent with accounting principles generally accepted in the United States of America and are not significantly different from the modified accrual basis used to reflect actual results.

The Township Clerk prepares and submits the proposed operating budgets for the year commencing April 1. The budgets include proposed expenditures and resources to finance them.

Prior to March 31, the proposed budget is presented to the Township Board. The Board holds a public hearing and may add to, subtract from, or change appropriations. The budget is then legally enacted through the passage of a Township Resolution. After the budget the budget is adopted, the Township Board must approve all amendments.

The budgets are adopted at the activities level for the General Fund and at the total expenditures fund level for all other funds. These are the legally enacted levels under the State of Michigan Uniform Budgeting and Accounting Act. However, for control purposes all budgets are maintained at the object (account) level.

The Township does not employ encumbrance accounting as an extension of formal budgetary integration. All annual appropriations lapse at year-end.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures over Appropriations in Budgeted Funds

Michigan Public Act 621 of 1978, Section 18, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated at the legally enacted level. The Michigan Department of Treasury requires the reporting of any significant overages at the legal level of budgetary control level (any overages at the legal level of budgetary control greater than 10% of total expenditures and the overage itself is larger than 10%). During the year ended March 31, 2021, the Township did not have any expenditures that were exceed such parameters.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

The Township's investment policy and Act 217 PA 1982, as amended, authorizes the Township to deposit in certificates of deposit, savings accounts, depository accounts, or depository receipts of a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United State government and which maintains a principal office or branch office located in this State under the laws of this State or the United States; but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belonging to the State of Michigan (the "State") under Section 5 or 6 of Act 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.146 of Michigan Compiled Laws.

Custodial Credit Risk Deposits - Custodial credit risk for deposits is the risk that, in the event of a bank failure is the risk that in the event of bank failure, the Township's deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. As of March 31, 2021, the bank balance of the Township's deposit was \$3,468,176, of which \$3,218,176 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are use as depositories.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments

The Township’s investment policy and Act 207 PA 1994, as amended by Act 1997 PA 199 authorizes the Township to invest surplus funds in bonds, securities and other direct obligations or repurchase agreements consisting of these financial instruments of the United States government or an agency or instrumentality of the United States; bankers’ acceptance of United States banks; commercial paper rated within the two highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of the political subdivisions that at the time of purchase are rated as investment grades by not less than on standard rating service, mutual funds registered under the Investment Company act of 1940, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation, investment pools through an interlocal agreement under the Urban Cooperation act of 1967, investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, 129,111 to 129,118; investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129,141 to 129.150.

Credit Risk - Investments – The risk that an issuer or other counterparty to an investment will not fulfill its obligation.

The Township has \$2,691,867 invested in investment trust funds that invest primarily in U.S. Treasuries, U.S. Agencies, repurchase agreements, and commercial paper. The investment trusts have been rated as follows:

	Amount	Rating	Rating Agency	Average Days to Maturity
MBIA Michigan CLASS	\$ 2,691,867	AAAm	Standard & Poor's	54

Michigan Cooperative Liquid Assets Security System (“Michigan CLASS”) is a participant-controlled trust created in accordance with Section 5 of Act 7 of the Urban Cooperation Act of 1967 and the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150. Michigan CLASS is not subject to regulatory oversight and is not registered with the SEC, however does issue a separate audited financial statement. Michigan CLASS operates like a money market mutual funds, with each share valued at \$1.00. Fair value of the Township’s position in the pool is the same as the value of the Michigan CLASS pool shares.

Michigan CLASS is recorded at amortized cost, which approximates fair value and this fund is not subject to the fair value disclosures under FASB Statement No. 72. The fund does not required notification of redemptions.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – Investments (Continued)

The investment trust fund has been reported in the financial statements as a cash equivalent because it has the general characteristics of demand deposit accounts in the Township may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty.

Custodial Credit Risk – is the risk that, in the event of the failure of the counterparty, the Township may not be able to recover the value of its investments that are in the possession of another party. The Township’s investment policy addresses custodial credit risk.

Concentration of Credit Risk - Investments – is the risk of loss attributed to the magnitude of the Township’s investment in a single issuer. The Township’s investment policy addresses concentration of credit risk.

Interest Rate Risk - Investments – Interest rate risk is the risk that the value of securities in the Township portfolio will decrease as a result of a rise in interest rates. The Township attempts to minimize interest rates by maintaining liquidity to meet all operating requirements without the need to sell securities prior to maturity and investing operating funds primarily in short-term securities, money markets, mutual funds, or similar public investment pools.

NOTE 4 – RECEIVABLES

Receivables are comprised of the following at year-end:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Taxes receivable	\$ 36,748	\$ -
Special assessments receivable	-	459,664
Water and sewer billing receivable	-	412,195
Other receivables	24,668	-
Due from other governments	<u>116,482</u>	<u>42,146</u>
	<u>\$ 177,898</u>	<u>\$ 914,005</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

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	\$ 235,095	\$ -	\$ -	\$ 235,095
Construction in progress	287,546	2,425,730	-	2,713,276
Subtotal	522,641	2,425,730	-	2,948,371
Capital assets being depreciated				
Buildings and improvements	124,245	-	-	124,245
Office furniture and equipment	9,600	-	-	9,600
Computers and software	59,725	-	-	59,725
Vehicles	1,322,729	-	-	1,322,729
Fire equipment	412,350	31,006	(9,927)	433,429
Subtotal	1,928,649	31,006	(9,927)	1,949,728
Less accumulated depreciation for				
Buildings and improvements	102,416	2,104	-	104,520
Office furniture and equipment	8,975	125	-	9,100
Computers and software	49,256	6,100	-	55,356
Vehicles	1,208,328	31,975	-	1,240,303
Fire equipment	347,045	38,442	(9,927)	375,560
Subtotal	1,716,020	78,746	(9,927)	1,784,839
Net capital assets being depreciated	212,629	(47,740)	-	164,889
Governmental activities total				
Capital assets - net of depreciation and amortization	\$ 735,270	\$ 2,377,990	\$ -	\$ 3,113,260

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 5 – CAPITAL ASSETS (Continued)

Included in capital assets is leased equipment under a capital lease with a cost of \$295,920 and accumulated amortization of \$213,177. Amortization expense related to the capital lease was \$30,685 for the year ended March 31, 2021.

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

	Beginning Balance	Additions	Disposals	Ending Balance
Business-Type Activities				
Capital assets not being depreciated				
Construction in progress - Water	\$ -	\$ 686,824	\$ -	\$ 686,824
Construction in progress - Sewer		130,288	-	130,288
Subtotal	-	817,112	-	817,112
Capital assets being depreciated				
Water system	8,874,205	-	-	8,874,205
Water meters and equipment	678,165	-	(267,063)	411,102
Sewer system	1,544,202	109,473	-	1,653,675
Sewer equipment	117,002	-	-	117,002
Subtotal	11,213,574	109,473	(267,063)	11,055,984
Less accumulated depreciation for				
Water system	5,683,515	217,630	-	5,901,145
Water meters and equipment	521,161	14,610	(267,063)	268,708
Sewer system	1,343,221	19,270	-	1,362,491
Sewer equipment	90,201	1,532	-	91,733
Subtotal	7,638,098	253,042	(267,063)	7,624,077
Net capital assets being depreciated	<u>3,575,476</u>	<u>(143,569)</u>	-	<u>3,431,907</u>
Business-type activities total				
Capital assets - net of depreciation	<u>\$ 3,575,476</u>	<u>\$ 673,543</u>	<u>\$ -</u>	<u>\$ 4,249,019</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 5 – CAPITAL ASSETS (Continued)

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

Governmental activities		
General government	\$	8,329
Public safety		<u>70,417</u>
Total depreciation and amortization	\$	<u><u>78,746</u></u>
Business-type activities		
Utility	\$	<u><u>253,042</u></u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers reported in the fund financial statement are comprised of the following:

<u>Fund Transferring Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
Fire fund	Equipment fund	\$ 62,000
Utilities capital improvement fund	Sewer fund	\$ 113,000

Transfers are used to move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

NOTE 7 – LONG-TERM DEBT

The Township issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith of the Township. These bonds are issued as series and term bonds with varying amounts of principal matured each year.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 7 – LONG-TERM DEBT (Continued)

The following is a summary of long-term debt transactions of the Township for the year ended March 31, 2021:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
Bonds and contracts payable:							
Direct borrowing and direct placements:							
Installment purchase agreement -							
Capital lease for tanker truck							
Maturing through 2020	6.65%	N/A	\$ 26,925	\$ -	\$ (26,925)	\$ -	\$ -
Installment purchase agreement -							
Capital lease for dominant system server							
Maturing through 2022	4.44%	N/A	20,561	-	(8,552)	12,009	8,940
Total direct borrowing and direct placements principal outstanding			47,486	-	(35,477)	12,009	8,940
General obligation bonds:							
2019 capital improvement bond							
Maturing through 2027	5.00%	\$ 185,000 \$ 260,000	1,525,000	-	(185,000)	1,340,000	185,000
Bond premium			184,085	-	(22,332)	161,753	22,332
Total general obligation bonds			1,709,085	-	(207,332)	1,501,753	207,332
Total bonds and contracts payable			1,756,571	-	(242,809)	1,513,762	216,272
Total governmental activities long-term debt			\$ 1,756,571	\$ -	\$ (242,809)	\$ 1,513,762	\$ 216,272
Business-type activities							
General obligation bonds:							
2019 capital improvement bond							
Maturing through 2040	2.125% - 5.00%	\$ 75,000 \$ 125,000	1,975,000	-	(75,000)	1,900,000	75,000
Bond premium			87,440	-	(3,320)	84,120	3,322
Total general obligation bonds			2,062,440	-	(78,320)	1,984,120	78,322
Total business-type activities			\$ 2,062,440	\$ -	\$ (78,320)	\$ 1,984,120	\$ 78,322

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 7 – LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for the above bonds and note obligation are as follows:

Year Ending March 31,	Governmental Activities				Total
	Direct Borrowing and Direct Placements		Other Debts		
	Principal	Interest	Principal	Interest	
2022	\$ 8,940	\$ 353	\$ 185,000	\$ 62,375	\$ 256,668
2023	3,069	28	200,000	52,750	255,847
2024	-	-	215,000	42,375	257,375
2025	-	-	230,000	31,250	261,250
2026	-	-	250,000	19,250	269,250
2027	-	-	260,000	6,500	266,500
Total	<u>\$ 12,009</u>	<u>\$ 381</u>	<u>\$ 1,340,000</u>	<u>\$ 214,500</u>	<u>\$ 1,566,890</u>

Year Ending March 31,	Business-type Activities		
	Other Debts		
	Principal	Interest	Total
2022	\$ 75,000	\$ 58,364	\$ 133,364
2023	80,000	54,489	134,489
2024	85,000	50,364	135,364
2025	85,000	46,114	131,114
2026	90,000	41,739	131,739
2027-2032	590,000	177,420	767,420
2033-2038	650,000	86,511	736,511
2039-2040	245,000	6,435	251,435
Total	<u>\$ 1,900,000</u>	<u>\$ 521,436</u>	<u>\$ 2,421,436</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 8 – NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of March 31, 2021, was as follow:

	Governmental Activities	Business-Type Activities
	<u> </u>	<u> </u>
Capital asset:		
Capital assets not being depreciated	\$ 2,948,371	\$ 817,112
Capital assets being depreciated, net	<u>164,889</u>	<u>3,431,907</u>
	<u>3,113,260</u>	<u>4,249,019</u>
Related debt:		
Bonds payable	1,501,753	1,066,241
Contract payable	<u>12,009</u>	<u>-</u>
	<u>1,513,762</u>	<u>1,066,241</u>
Net investment in capital assets	<u>\$ 1,599,498</u>	<u>\$ 3,182,778</u>

NOTE 9 – 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 provides that the cable provider pay an annual franchise fee of 5% of gross annual revenues to the Township. The contract was renewed in 2019 for a period of ten years.

Total franchise fees recognized under these agreements during the year ended March 31, 2021 were \$55,848.

NOTE 10 – 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 \$52,195 for the year ended March 31, 2021.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 11 – FUND BALANCES AND RECLASSIFICATIONS

The Township used the Utility fund to account for acquisition, operation and maintenance of the Township’s water and sewer systems. Starting April 1, 2020, the Township separated the Utility fund into the Sewer fund and the Water fund.

Fund balances of water and sewer funds at April 1, 2020 as follows:

	Balance <u>April 1, 2020</u>	Balance <u>March 31, 2020</u>
Sewer Fund	\$ 427,929	\$ -
Water Fund	4,453,630	-
Utility Fund	<u>-</u>	<u>4,881,559</u>
	<u>\$ 4,881,559</u>	<u>\$ 4,881,559</u>

NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE

The Township adopted GASB Statement No. 84, Fiduciary Activities. This statement required the Township to evaluate their financial reporting of fiduciary activities. As a result, certain funds previously reported as agency funds were reclassified to other Township funds. The implementation had no effect on net position or fund balance.

NOTE 13 – 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 14 – SUBSEQUENT EVENTS

Township’s management has performed a review of events subsequent to the balance sheet date through July 22, 2021, the date the financial statements were available to be issued.

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 15 – COVID-19

Toward the end of December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. There have been mandates from Federal, State, and local authorities requiring forced closures of non-essential businesses and stay-at-home orders for most states, including Michigan, which could continue to impact the Township's activities and funding. Given the continuously evolving nature of this global emergency, the long -term financial impact is unknown.

REQUIRED SUPPLEMENTAL INFORMATION

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2021

	BUDGETED AMOUNTS		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 214,919	\$ 214,919	\$ 219,739	\$ 4,820
State shared revenue	592,473	592,473	604,955	12,482
Franchise fees	55,000	55,000	55,848	848
Licenses and permits	8,100	8,100	3,500	(4,600)
Grants	-	17,100	16,444	(656)
Other revenue	129,550	182,758	174,521	(8,237)
Total revenues	1,000,042	1,070,350	1,075,007	4,657
Expenditures				
General government:				
General government	289,565	293,650	262,633	31,017
Supervisor	33,750	45,524	41,932	3,592
Treasurer	74,295	74,795	75,215	(420)
Assessor	58,896	58,896	58,657	239
Clerk	87,331	87,331	80,787	6,544
Elections	49,472	53,472	47,887	5,585
Township Hall	48,389	43,064	32,249	10,815
Total general government	641,698	656,732	599,360	57,372
Public works:				
Cemetery	13,000	13,000	11,105	1,895
Street lighting	6,800	9,900	10,285	(385)
Drains at large	35,000	37,400	37,358	42
Road improvement	243,991	362,266	252,342	109,924
Total public works	298,791	422,566	311,090	111,476
Community and economic development -				
Planning and zoning	29,880	56,680	30,753	25,927
Recreation and culture -				
Parks & events	5,000	11,657	11,323	334
Total expenditures	975,369	1,147,635	952,526	195,109
Excess of revenue over (under) expenditures	24,673	(77,285)	122,481	199,766
Net change in fund balance	24,673	(77,285)	122,481	199,766
Fund balance, beginning of year	849,008	849,008	849,008	-
Fund balance, end of year	\$ 873,681	\$ 771,723	\$ 971,489	\$ 199,766

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - FIRE FUND
Year Ended March 31, 2021

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Property taxes	\$ 523,984	\$ 523,984	\$ 537,659	\$ 13,675
Grants	-	51,560	31,622	(19,938)
Other revenue	3,300	3,300	5,155	1,855
Total revenues	527,284	578,844	574,436	(4,408)
Expenditures				
Salaries and wages	192,758	192,758	184,362	8,396
Fringe benefits	38,000	38,000	33,232	4,768
Supplies and other	31,500	88,977	36,921	52,056
Repairs and maintenance	53,000	53,000	47,359	5,641
Contracted services	10,000	10,000	10,228	(228)
Insurance	33,000	33,000	29,030	3,970
Dues and materials	3,500	3,500	2,530	970
Communications	8,300	8,300	5,349	2,951
Ambulance dispatch	8,000	8,000	6,903	1,097
Utilities	8,000	8,000	13,773	(5,773)
Professional services	2,000	2,000	473	1,527
Equipment	6,000	176,790	21,787	155,003
Capital outlay	-	-	31,006	(31,006)
Debt service	27,806	27,806	27,806	-
Others	8,700	8,700	4,554	4,146
Total expenditures	430,564	658,831	455,313	203,518
Other financing sources (uses)				
Transfers out	(62,000)	(62,000)	(62,000)	-
Total other financing sources (uses)	(62,000)	(62,000)	(62,000)	-
Net change in fund balance	34,720	(141,987)	57,123	199,110
Fund balance, beginning of year	719,465	719,465	719,465	-
Fund balance, end of year	\$ 754,185	\$ 577,478	\$ 776,588	\$ 199,110

OTHER SUPPLEMENTAL INFORMATION

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
March 31, 2021

	Special Revenue Fund		Capital Projects Fund	Total Nonmajor Governmental Funds
	Street Lighting Fund	Farmland Preservation Fund	Equipment Fund	
Assets				
Cash and cash equivalents	\$ 1,562	\$ 115,814	\$ 100,059	\$ 217,435
Due from other governmental units	-	858	-	858
Total assets	<u>\$ 1,562</u>	<u>\$ 116,672</u>	<u>\$ 100,059</u>	<u>\$ 218,293</u>
Liabilities				
Accounts payable	\$ 238	\$ -	\$ -	\$ 238
Deferred inflows of resources				
Unavailable revenue - Property tax	-	858	-	858
Fund balances				
Restricted - Farmland preservation	-	115,814	-	115,814
Restricted - Street lighting	1,324	-	-	1,324
Restricted - Equipment	-	-	100,059	100,059
Total fund balances	<u>1,324</u>	<u>115,814</u>	<u>100,059</u>	<u>217,197</u>
Total deferred inflows of resources, and fund balances	<u>\$ 1,562</u>	<u>\$ 116,672</u>	<u>\$ 100,059</u>	<u>\$ 218,293</u>

AUGUSTA CHARTER TOWNSHIP, MICHIGAN
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended March 31, 2021

	Special Revenue Fund		Capital Projects Fund	Total Nonmajor Governmental Funds
	Street Lighting Fund	Farmland Preservation Fund	Equipment Fund	
Revenues				
Property taxes	\$ -	\$ 26,705	\$ -	\$ 26,705
Special assessment	2,917	-	-	2,917
Other revenue	-	107	43	150
Total revenues	2,917	26,812	43	29,772
Expenditures				
Public work	2,837	-	-	2,837
Total expenditures	2,837	-	-	2,837
Other Financing Sources				
Transfers in	-	-	62,000	62,000
Total other financing sources	-	-	62,000	62,000
Net change in fund balance	80	26,812	62,043	88,935
Fund balances, beginning of year	1,244	89,002	38,016	128,262
Fund balances, end of year	\$ 1,324	\$ 115,814	\$ 100,059	\$ 217,197