

**Bath Charter Township  
Clinton County, Michigan**

**FINANCIAL STATEMENTS**

**December 31, 2012**

Bath Charter Township  
Clinton County, Michigan  
December 31, 2012

BOARD OF TRUSTEES AND ADMINISTRATION

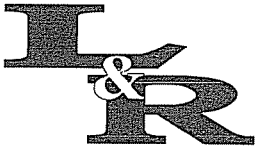
Paula Clark	Supervisor
Kathleen McQueen	Clerk
Jeff Garrity	Treasurer
Leon Puttler	Trustee
Ryan Fewins-Bliss	Trustee
Cindy Cronk	Trustee
Walter Pett	Trustee
Troy Feltman	Superintendent

Bath Charter Township

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# Layton & Richardson, P.C.

*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

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Bath Charter Township  
Bath, Michigan

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We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Bath Charter Township as of and for the year ended December 31, 2012, 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 Bath Charter Township as of December 31, 2012, 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 as identified 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bath Charter Township's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are 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 statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

  
Certified Public Accountants

East Lansing, Michigan  
May 22, 2013

Bath Charter Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2012

The discussion and analysis of the Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2012. Please read it in conjunction with the Township's financial statements.

**Financial Highlights**

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2012:

- Property tax revenues, our largest revenue source in the General Fund, decreased approximately \$94,127 from the prior year. The decrease is the net result of a decrease in the true cash value of real and personal properties in the Township.
- Total fund balances related to the Township's governmental funds increased by \$51,864.
- Capital assets, net of depreciation, increased approximately \$447,993 from the prior year. The majority of this increase is related to additions to the sewer system.

**Using this Annual Report**

This discussion and analysis is intended to serve as an introduction to Bath Charter 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.

**Government-wide Financial Statements.** The statement of net position and the statement of activities provide information about the activities of Bath Charter Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

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).

**Fund Financial Statements.** The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of Bath Charter Township in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which Bath Charter Township acts solely as a trustee or agent for the benefit of those outside the government.

**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 end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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.

Bath Charter Township  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2012

**Using this Annual Report - continued**

Bath Charter Township maintains eleven (11) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Improvements Fund, which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Other Supplementary Information section of this report.

The Township adopts an annual appropriated budget for its General Fund and Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**Proprietary Funds.** Bath Charter Township maintains three (3) proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses Enterprise Funds to account for its sewer system and water system activity. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the Township's various functions. Bath Charter Township uses an Internal Service Fund to account for potential future employee sick and vacation payouts. Because the services provided by employees of the Township predominantly benefit governmental rather than business-type functions, the activities of the Internal Service Fund have been included within governmental activities in the government-wide financial statements.

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

**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 12-28 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, such as this MD&A and the General Fund budgetary comparison schedule. Combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information.

**The Township as a Whole**

The following table shows, in a condensed format, the net assets as of December 31, 2012 and 2011.

	Governmental Activities December 31,		Business-type Activities December 31,		Totals December 31,	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Current and other assets	\$ 6,142,316	\$ 6,122,997	\$ 3,324,696	\$ 4,303,004	\$ 9,467,012	\$ 10,426,001
Capital assets, net	3,924,604	3,909,065	10,246,780	9,814,326	14,171,384	13,723,391
<b>Total assets</b>	<b>10,066,920</b>	<b>10,032,062</b>	<b>13,571,476</b>	<b>14,117,330</b>	<b>23,638,396</b>	<b>24,149,392</b>
Deferred outflows of resources	-	-	106,921	113,883	106,921	113,883
<b>Liabilities</b>						
Current liabilities	2,813,198	2,863,919	878,713	1,170,707	3,691,911	4,034,626
Noncurrent liabilities	614,124	639,310	5,360,000	5,805,000	5,974,124	6,444,310
<b>Total liabilities</b>	<b>3,427,322</b>	<b>3,503,229</b>	<b>6,238,713</b>	<b>6,975,707</b>	<b>9,666,035</b>	<b>10,478,936</b>
Deferred inflows of resources	-	-	-	-	-0-	-0-

Bath Charter Township  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2012

**The Township as a Whole - continued**

	Governmental Activities December 31,		Business-type Activities December 31,		Totals December 31,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net position						
Net investment in capital assets	\$ 3,254,115	\$ 3,193,528	\$ 4,441,780	\$ 3,599,326	\$ 7,695,895	\$ 6,792,854
Restricted	27,421	58,353	-	-	27,421	58,353
Unrestricted	<u>3,358,062</u>	<u>3,276,952</u>	<u>2,997,904</u>	<u>3,656,180</u>	<u>6,355,966</u>	<u>6,933,132</u>
Total net position	<u>\$ 6,639,598</u>	<u>\$ 6,528,833</u>	<u>\$ 7,439,684</u>	<u>\$ 7,255,506</u>	<u>\$ 14,079,282</u>	<u>\$ 13,784,339</u>

Net position may serve over time as a useful indicator of a government's financial position. Bath Charter Township's assets exceeded liabilities by \$14,079,282 as of December 31, 2012. A significant portion of the Township's net position (55 percent) reflects its investment in capital assets (e.g., land, buildings, equipment); 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 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.

An additional portion of the Township's net position (less than 1 percent) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$6,355,966) may be used to meet the Township'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 Township's net position increased by \$294,943 during the current year as discussed below.

	Governmental Activities December 31,		Business-type Activities December 31,		Totals December 31,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenue						
Program revenue:						
Charges for services	\$ 533,790	\$ 595,887	\$ 1,382,913	\$ 1,329,561	\$ 1,916,703	\$ 1,925,448
Operating grants and contributions	136,078	129,181	-	-	136,078	129,181
Capital grants and contributions	3,344	15,698	59,132	153,695	62,476	169,393
General revenue:						
Property taxes	2,383,990	2,478,118	-	-	2,383,990	2,478,118
State shared revenue	845,678	954,858	-	-	845,678	954,858
Investment earnings	128,589	195,714	52,858	107,316	181,447	303,030
Equity interest in SCCMUA	-	-	108,166	92,429	108,166	92,429
Miscellaneous	<u>52,001</u>	<u>88,620</u>	<u>67,603</u>	<u>121,253</u>	<u>119,604</u>	<u>209,873</u>
Total revenue	4,083,470	4,458,076	1,670,672	1,804,254	5,754,142	6,262,330



Bath Charter Township  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2012

**The Township as a Whole - continued**

	Governmental Activities		Business-type Activities		Totals	
	December 31,		December 31,		December 31,	
	2012	2011	2012	2011	2012	2011
Program Expenses						
General government	\$ 1,501,527	\$ 1,383,849	\$ -	\$ -	\$ 1,501,527	\$ 1,383,849
Public safety	1,930,084	1,757,335	-	-	1,930,084	1,757,335
Public works	426,463	560,785	-	-	426,463	560,785
Recreation and cultural	80,477	62,541	-	-	80,477	62,541
Sewer system	-	-	1,480,494	1,569,432	1,480,494	1,569,432
Water system	-	-	6,000	6,000	6,000	6,000
Interest on long-term debt	34,154	39,979	-	-	34,154	39,979
Total program expenses	3,972,705	3,804,489	1,486,494	1,575,432	5,459,199	5,379,921
Change in Net Position	\$ 110,765	\$ 653,587	\$ 184,178	\$ 228,822	\$ 294,943	\$ 882,409

**Governmental Activities**

Governmental activities increased the Township's net position by \$110,765 during fiscal year 2012. Key elements of this increase are as follows:

The Township's governmental activities' revenues totaled \$4,083,470 with the greatest revenue source being property taxes. Tax revenues decreased approximately \$94,128. Charges for services revenues decreased approximately \$62,097 and state shared revenue decreased approximately \$109,180 during 2012.

The Township incurred expenses of \$3,972,705 during the year which was \$168,216 more than the prior year. The majority of governmental expense is associated with the public safety function, which includes fire and police services.

**Business-type Activities**

Business-type activities increased the Township's net position by \$184,178 during fiscal year 2012. The increase in net position was due to an increase in the Township's equity interest in SCCMUA operations. The majority (83%) of the revenue of the business-type activities is generated through user charges.

**The Township's Funds**

**Governmental Funds.** The analysis of the Township's major funds begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not Bath Charter Township as a whole. Bath Charter Township's Board of Trustees creates funds to help manage money for specific purposes. The Township's major governmental funds for the fiscal year ended December 31, 2012 were the General Fund and the Capital Improvements Fund.

The General Fund pays for most of the Township's governmental services. The most significant service provided during the fiscal year was for public safety, which incurred expenditures of \$1,436,661 for the fiscal year. Public Safety services are partially supported by a police and fire millage, which is recorded in the General Fund.

**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 assets of the Sewer System Fund and the Water System Fund at the end of the year amounted to \$2,878,952 and \$118,952, respectively. The changes in net position for the Sewer System Fund and the Water System Fund for the fiscal year were \$176,546 and \$7,632 respectively.

Bath Charter Township  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2012

**General Fund Budgetary Highlights**

Over the course of the fiscal year, the Township Board made necessary budget adjustments to fund unanticipated expenditures during the year. Budget amendment increases were made to cover unanticipated costs in the General Fund, specifically for public safety.

**Capital Asset and Debt Administration**

**Capital Assets.** At the end of the fiscal year, the Township had approximately \$22,036,973 invested in a broad range of capital assets, including buildings, land, equipment, and utilities. In addition, the Township has made certain investments in roads and drains within Bath Charter Township. These assets are not reported in Bath Charter Township's fund statements because under Michigan law these roads and drains are the property of the Clinton County Road and Drain Commissions, respectively.

As of December 31, 2012, the capital asset amount reflected above included \$43,327 of construction in progress, primarily related to sewer system improvements.

**Current Economic Factors**

Although the State of Michigan has been unable or unwilling to address the structural budget issues that have persisted over the past decade, Bath Charter Township has been insulated from many of the affects due to sound fiscal strategy and a significant growth curve in residential and commercial development. In addition, the Bath Township's tax base was not hit as severely by the housing crisis as were many communities throughout Michigan.

This is not to say that Bath Township does not face some daunting challenges. The ongoing, underfunding of the road system by the State is putting increasing pressure on the Township to provide additional General Fund resources for road projects. While the Township grew more than 54% between 2000 and 2010, the new residents are placing increasing demands for services that requires additional resources. The Township has developed a multi-year capital improvement planning process to identify, evaluate, prioritize and fund the most significant new investments in our community.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Superintendent or Treasurer at the Township Hall.

## **BASIC FINANCIAL STATEMENTS**

Bath Charter Township  
STATEMENT OF NET POSITION  
December 31, 2012

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,501,396	\$ 102,553	\$ 1,603,949
Investments	454,315	44,724	499,039
Receivables	1,219,669	354,913	1,574,582
Due from other governmental units	288,589	-	288,589
Prepays	64,184	-	64,184
Internal balances	314,716	(314,716)	-0-
Total current assets	3,842,869	187,474	4,030,343
Noncurrent assets			
Investments	2,299,447	311,514	2,610,961
Investment in SCCMUA	-	2,825,708	2,825,708
Capital assets not being depreciated	1,069,677	43,327	1,113,004
Capital assets, net of accumulated depreciation	2,854,927	10,203,453	13,058,380
Total noncurrent assets	6,224,051	13,384,002	19,608,053
TOTAL ASSETS	10,066,920	13,571,476	23,638,396
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refunding	-	106,921	106,921
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	70,095	64,990	135,085
Accrued liabilities	29,318	-	29,318
Accrued interest payable	8,915	40,172	49,087
Unearned revenue	2,530,435	328,551	2,858,986
Current portion of compensated absences	29,518	-	29,518
Current portion of long-term debt	144,917	445,000	589,917
Total current liabilities	2,813,198	878,713	3,691,911
Noncurrent liabilities			
Noncurrent portion of compensated absences	88,552	-	88,552
Noncurrent portion of long-term debt	525,572	5,360,000	5,885,572
Total noncurrent liabilities	614,124	5,360,000	5,974,124
TOTAL LIABILITIES	3,427,322	6,238,713	9,666,035
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	-	-	-0-
<b>NET POSITION</b>			
Net investment in capital assets	3,254,115	4,441,780	7,695,895
Restricted for public safety	27,421	-	27,421
Unrestricted	3,358,062	2,997,904	6,355,966
TOTAL NET POSITION	\$ 6,639,598	\$ 7,439,684	\$ 14,079,282

See accompanying notes to financial statements.

Bath Charter Township

STATEMENT OF ACTIVITIES

Year Ended December 31, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 1,501,527	\$ 374,276	\$ 53,912	\$ -	\$ (1,073,339)	\$ -	\$ (1,073,339)
Public safety	1,930,084	129,803	4,272	-	(1,796,009)	-	(1,796,009)
Public works	426,463	-	77,894	3,344	(345,225)	-	(345,225)
Recreation and culture	80,477	29,711	-	-	(50,766)	-	(50,766)
Interest expense	34,154	-	-	-	(34,154)	-	(34,154)
Total governmental activities	3,972,705	533,790	136,078	3,344	(3,299,493)	-0-	(3,299,493)
Business-type activities							
Sewer system	1,480,494	1,379,713	-	59,132	-	(41,649)	(41,649)
Water system	6,000	3,200	-	-	-	(2,800)	(2,800)
Total business-type activities	1,486,494	1,382,913	-0-	59,132	-0-	(44,449)	(44,449)
Total government	<u>\$ 5,459,199</u>	<u>\$ 1,916,703</u>	<u>\$ 136,078</u>	<u>\$ 62,476</u>	(3,299,493)	(44,449)	(3,343,942)
General revenues							
					2,383,990	-	2,383,990
Property taxes					845,678	-	845,678
State shared revenue					128,589	52,858	181,447
Investment earnings					-	108,166	108,166
Equity interest in SCCMUA operations					52,001	67,603	119,604
Miscellaneous							
Total general revenues					3,410,258	228,627	3,638,885
Change in net position							
					110,765	184,178	294,943
Net position, beginning of the year					6,528,833	7,255,506	13,784,339
Net position, end of the year					\$ 6,639,598	\$ 7,439,684	\$ 14,079,282

See accompanying notes to financial statements.

## Bath Charter Township

## Governmental Funds

## BALANCE SHEET

December 31, 2012

	General Fund	Capital Improvements	Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,301,308	\$ 11,895	\$ 170,299	\$ 1,483,502
Investments	2,753,762	-	-	2,753,762
Receivables				
Accounts	18,439	-	250	18,689
Taxes	1,158,527	-	-	1,158,527
Special assessments	-	1,466	40,987	42,453
Due from other governmental units	288,589	-	-	288,589
Due from other funds	324,899	-	-	324,899
Prepays	64,184	-	-	64,184
<b>TOTAL ASSETS</b>	<b>5,909,708</b>	<b>13,361</b>	<b>211,536</b>	<b>6,134,605</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-0-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 5,909,708</b>	<b>\$ 13,361</b>	<b>\$ 211,536</b>	<b>\$ 6,134,605</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 45,251	\$ -	\$ 24,844	\$ 70,095
Accrued liabilities	29,318	-	-	29,318
Due to other funds	-	10,183	-	10,183
Deferred revenue	2,589,999	3,178	83,345	2,676,522
<b>TOTAL LIABILITIES</b>	<b>2,664,568</b>	<b>13,361</b>	<b>108,189</b>	<b>2,786,118</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-0-</b>
<b>FUND BALANCES</b>				
Nonspendable	64,184	-	-	64,184
Restricted	-	-	29,674	29,674
Committed	183,210	-	73,673	256,883
Assigned	172,295	-	-	172,295
Unassigned	2,825,451	-	-	2,825,451
<b>TOTAL FUND BALANCES</b>	<b>3,245,140</b>	<b>-0-</b>	<b>103,347</b>	<b>3,348,487</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 5,909,708</b>	<b>\$ 13,361</b>	<b>\$ 211,536</b>	<b>\$ 6,134,605</b>

See accompanying notes to financial statements.

Bath Charter Township

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

December 31, 2012

**Total fund balance - governmental funds** **\$ 3,348,487**

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 therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 6,897,690	
Accumulated depreciation is	<u>(2,973,086)</u>	
Capital assets, net		3,924,604

An internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the government-wide statement of net assets.

Net position of governmental activities accounted for in an internal service fund	17,894
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Certain amounts due from other governmental units are not susceptible to accrual in the governmental funds due to not having met the criteria to be considered available to finance current operations.	146,087
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Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long term liabilities at year end consist of:

Compensated absences	(118,070)	
Accrued interest payable	(8,915)	
Bonds and notes payable	<u>(670,489)</u>	
		<u>(797,474)</u>

<b>Net position of governmental activities</b>	<b><u><u>\$ 6,639,598</u></u></b>
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## Bath Charter Township

## Governmental Funds

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2012

	General Fund	Capital Improvements	Nonmajor Governmental Funds	Total
REVENUES				
Taxes	\$ 2,587,493	\$ 3,344	\$ -	\$ 2,590,837
Licenses and permits	36,062	-	110,330	146,392
Intergovernmental	853,982	-	4,272	858,254
Charges for services	97,227	-	56,564	153,791
Fines and forfeits	-	-	-	-0-
Interest and rents	188,978	-	7	188,985
Other	54,058	-	85,475	139,533
TOTAL REVENUES	3,817,800	3,344	256,648	4,077,792
EXPENDITURES				
Current				
General government	1,259,737	-	64,718	1,324,455
Public safety	1,436,661	-	168,896	1,605,557
Public works	270,077	-	78,250	348,327
Recreation and culture	63,812	-	-	63,812
Debt service	119,850	-	74,369	194,219
Capital outlay	52,035	543,315	5,923	601,273
TOTAL EXPENDITURES	3,202,172	543,315	392,156	4,137,643
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	615,628	(539,971)	(135,508)	(59,851)
OTHER FINANCING SOURCES (USES)				
Installment purchase agreement	-	111,715	-	111,715
Transfers in	-	428,256	116,449	544,705
Transfers out	(544,705)	-	-	(544,705)
TOTAL OTHER FINANCING SOURCES (USES)	(544,705)	539,971	116,449	111,715
NET CHANGE IN FUND BALANCES	70,923	-0-	(19,059)	51,864
Fund balances, beginning of year	3,174,217	-	122,406	3,296,623
Fund balances, end of year	\$ 3,245,140	\$ -0-	\$ 103,347	\$ 3,348,487

See accompanying notes to financial statements.



Bath Charter Township

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2012

**Net change in fund balances - total governmental funds** **\$ 51,864**

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 255,874	
Depreciation expense	<u>(240,335)</u>	
Excess of capital outlay over depreciation expense		15,539

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in deferred revenue was: 5,678

Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Principal retirement	156,763	
Debt proceeds	<u>(111,715)</u>	
		45,048

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	3,302	
(Increase) in compensated absences	<u>(10,666)</u>	
		<u>(7,364)</u>

**Change in net position of governmental activities** **\$ 110,765**

See accompanying notes to financial statements.

Bath Charter Township  
Proprietary Funds  
STATEMENT OF NET POSITION  
December 31, 2012

	Business-type Activities			Governmental Activities
		Nonmajor Enterprise Fund (Water System)		Internal Service Fund (Employee Sick and Vacation)
	Sewer System		Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 96,435	\$ 6,118	\$ 102,553	\$ 17,894
Investments	11,546	33,178	44,724	-
Receivables				
Accounts	351,157	-	351,157	-
Special assessments	3,756	-	3,756	-
Total current assets	462,894	39,296	502,190	17,894
Noncurrent assets				
Investments	196,858	114,656	311,514	-
Investment in SCCMUA	2,825,708	-	2,825,708	-
Capital assets not being depreciated	43,327	-	43,327	-
Capital assets, net of accumulated depreciation	10,203,453	-	10,203,453	-
Total noncurrent assets	13,269,346	114,656	13,384,002	-0-
<b>TOTAL ASSETS</b>	<b>13,732,240</b>	<b>153,952</b>	<b>13,886,192</b>	<b>17,894</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	106,921	-	106,921	-
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	64,990	-	64,990	-
Accrued interest payable	40,172	-	40,172	-
Due to other funds	279,716	35,000	314,716	-
Unearned revenue	328,551	-	328,551	-
Current portion of long-term debt	445,000	-	445,000	-
Total current liabilities	1,158,429	35,000	1,193,429	-0-
Noncurrent liabilities				
Noncurrent portion of long-term debt	5,360,000	-	5,360,000	-
<b>TOTAL LIABILITIES</b>	<b>6,518,429</b>	<b>35,000</b>	<b>6,553,429</b>	<b>-0-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-0-</b>
<b>NET POSITION</b>				
Net investment in capital assets	4,441,780	-	4,441,780	-
Unrestricted	2,878,952	118,952	2,997,904	17,894
<b>TOTAL NET POSITION</b>	<b>\$ 7,320,732</b>	<b>\$ 118,952</b>	<b>\$ 7,439,684</b>	<b>\$ 17,894</b>

See accompanying notes to financial statements.

## Bath Charter Township

## Proprietary Funds

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended December 31, 2012

	Business-type Activities			Governmental Activities
	Sewer System	Nonmajor Enterprise Fund (Water System)	Total	Internal Service Fund (Employee Sick and Vacation)
OPERATING REVENUES				
Charges for services	\$ 1,379,713	\$ 3,200	\$ 1,382,913	\$ -
OPERATING EXPENSES				
Contractual services	920,540	-	920,540	-
Administrative expenses	25,000	6,000	31,000	-
Other	632	-	632	-
Depreciation	274,297	-	274,297	-
TOTAL OPERATING EXPENSES	1,220,469	6,000	1,226,469	-0-
OPERATING INCOME (LOSS)	159,244	(2,800)	156,444	-0-
NONOPERATING REVENUES (EXPENSES)				
Equity interest in 2012 SCCMUA operations	108,166	-	108,166	-
Tap in fees	54,730	-	54,730	-
Special assessments	4,402	-	4,402	-
Interest revenue	42,426	10,432	52,858	-
Paying agent fees	(1,400)	-	(1,400)	-
Interest expense	(251,662)	-	(251,662)	-
Amortization of bond issuance costs	(6,963)	-	(6,963)	-
Other revenue	67,603	-	67,603	-
TOTAL NONOPERATING REVENUES	17,302	10,432	27,734	-0-
CHANGE IN NET POSITION	176,546	7,632	184,178	-0-
Net position, beginning of year	7,144,186	111,320	7,255,506	17,894
Net position, end of year	\$ 7,320,732	\$ 118,952	\$ 7,439,684	\$ 17,894

See accompanying notes to financial statements.

Bath Charter Township  
Proprietary Funds  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2012

	Business-type Activities			Governmental Activities
		Nonmajor Enterprise Fund (Water System)		Internal Service Fund (Employee Sick and Vacation)
	Sewer System		Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 1,382,810	\$ 3,200	\$ 1,386,010	\$ -
Cash paid to suppliers	(1,125,051)	-	(1,125,051)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	257,759	3,200	260,959	-0-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Other	67,603	-	67,603	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Tap in fees	54,730	-	54,730	-
Special assessments	4,402	-	4,402	-
Interest paid	(254,181)	-	(254,181)	-
Payments on borrowings	(410,000)	-	(410,000)	-
Capital acquisitions	(706,751)	-	(706,751)	-
Paying agent fees	(1,400)	-	(1,400)	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,313,200)	-0-	(1,313,200)	-0-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(208,404)	(147,834)	(356,238)	-
Maturity of investments	996,103	128,913	1,125,016	-
Interest received	42,426	10,432	52,858	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	830,125	(8,489)	821,636	-0-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(157,713)	(5,289)	(163,002)	-0-
Cash and cash equivalents, beginning of year	254,148	11,407	265,555	17,894
Cash and cash equivalents, end of year	\$ 96,435	\$ 6,118	\$ 102,553	\$ 17,894

See accompanying notes to financial statements.

Bath Charter Township  
Proprietary Funds  
STATEMENT OF CASH FLOWS - CONTINUED  
Year Ended December 31, 2012

	Business-type Activities			Governmental Activities
	Sewer System	Nonmajor Enterprise Fund (Water System)	Total	Internal Service Fund (Employee Sick and Vacation)
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 159,244	\$ (2,800)	\$ 156,444	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	274,297	-	274,297	-
(Increase) in:				
Receivables	(16,306)	-	(16,306)	-
Increase (decrease) in:				
Accounts payable	(343,879)	-	(343,879)	-
Due to other funds	165,000	6,000	171,000	-
Unearned revenue	19,403	-	19,403	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 257,759</u>	<u>\$ 3,200</u>	<u>\$ 260,959</u>	<u>\$ -0-</u>

Note: The Township also adjusted its equity interest in 2012 Southern Clinton County Municipal Utilities Authority operations in the Sewer System Fund by \$108,166, to reflect the current year activity at SCCMUA.

Bath Charter Township  
Fiduciary Funds  
STATEMENT OF ASSETS AND LIABILITIES  
December 31, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 2,790,989</u>
LIABILITIES	
Due to other governmental units	
County	\$ 89,210
Schools	2,616,723
Clinton Area Transit System	37,106
Due to individuals and agencies	36,155
Due to developers	<u>11,795</u>
TOTAL LIABILITIES	<u>\$ 2,790,989</u>

See accompanying notes to financial statements.

Bath Charter Township  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Bath Charter Township, Michigan was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen (16) townships in Clinton County. The Township operates under an appointed Township Superintendent and an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and four (4) Trustees and provides services to its residents in many areas including general government, fire protection, law enforcement, and sewer utility services.

**1. Reporting Entity**

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 39); and *Statement on Michigan Governmental Accounting and Auditing No. 4*, these financial statements present the financial activities of Bath Charter Township (primary government) and its component unit, an entity for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. The Township does not have any discretely presented component units.

**BLENDING COMPONENT UNIT**

- a. **Building Authority** - The Building Authority is governed by a five (5) member board appointed by the Township Board. Its purpose is to provide for the acquisition and construction of certain public buildings for the use of the Township.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of Bath Charter Township contain all the funds controlled by the Township Board.

**2. Joint Venture**

Bath Charter Township is a member of the Southern Clinton County Municipal Utilities Authority (SCCMUA). The purpose of the Authority is to operate, maintain, administer, and manage a sewage disposal system for the benefit of the constituent municipalities.

The governing body of the Authority is appointed by the constituent municipalities, and representation is based upon the purchased capacity of each municipality. Bath Charter Township currently is represented by two (2) of the ten (10) members of the Authority board. The annual budget of the Authority is submitted to the constituent municipalities and must be approved by a 2/3 vote of the members-elect of the Authority.

The members of the Authority and approximate percentage of responsibility are as follows:

Bath Charter Township	17 %
DeWitt Charter Township	56 %
City of DeWitt	11 %
Watertown Township	16 %

Bath Charter Township  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

2. Joint Venture - continued

For the year ended December 31, 2012, Bath Charter Township contributed \$902,972 to cover its share of operational costs and reserve activities.

Additionally, an investment in SCCMUA is recorded to reflect the current carrying value at December 31, 2012, of the cumulative effect of SCCMUA operations relating to the Township equity share in the joint venture from inception-to-date. Bath Charter Township had recorded their portion of the initial cost of construction of the Authority facilities as capital assets in the Sewer and Water System (Enterprise) Funds, however the portion of those costs relating to the Water System has been eliminated as the Township transferred ownership of its water system to the Lansing Board of Water & Light during the fiscal year ended December 31, 1999.

3. Related Organizations

The Township participates in the following activity which is considered to be a related organization in relation to the Township due to the Township appointing all of the Board Members of the organization. There is no ongoing day-to-day financial interest or responsibility.

Bath Charter Township Housing Commission - The Township appoints all of the five (5) Commission members. The Township does not have an ongoing day-to-day financial interest or responsibility for the Commission. The Commission operates a low income housing project within the County which is subsidized by HUD in accordance with the U.S. Housing Act of 1937 and is regulated by the Department of HUD.

*Statement on Michigan Governmental Accounting and Auditing No. 4* allows, because the Commission is legally separate and fiscally independent, for the Commission's financial information to be presented within the Township's notes to the financial statements only instead of in the body of the financial statements. The following financial information was obtained from the most recent audited financial statements available of the Commission for their year ended December 31, 2011. A copy of the financial statements is available at the Commission's administrative offices. As of December 31, 2011, the Commission had total assets of \$1,105,022; total liabilities of \$13,912, and total net assets of \$1,091,110. For the year ended December 31, 2011, the Commission had total operating revenues of \$323,686; total operating expenses of \$361,983; and a decrease in net assets of \$21,641.

4. Basis of Presentation

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities (the government-wide statements) present information for the primary government as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.



Bath Charter Township  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

4. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major funds and aggregated non-major funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

- The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- The Capital Improvements Fund is used to account for the financial resources related to capital improvements.

The Township reports the following major enterprise fund:

- The Sewer System Fund is used to account for the operations required to provide sewer services to the general public; the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

Additionally, the Township reports an internal service fund to account for assets to be utilized to pay accrued employee sick and vacation balances upon separation from employment with the Township.

The Township also reports agency funds to account for assets held by the Township as an agent for other governments, private organizations, or individuals. Agency funds are, by nature, custodial; therefore, operation results are not measured. The Township's agency funds are the Current Tax Collections Fund and the Trust and Agency Fund.

5. Measurement Focus

The government-wide and proprietary financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for agency funds since assets equal liabilities.

6. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Bath Charter Township  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**6. Basis of Accounting - continued**

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

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 revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. If/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 are needed.

**7. Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the fund financial statements. The Township employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. Prior to September 1, the Superintendent submits a proposed operating budget for the fiscal year commencing the following January 1 to the Township Board. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
- c. Prior to November 1, the budget is adopted through passage of a Board resolution. After the budget is adopted, all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity must be approved by the Township Board.
- d. The budget is legally adopted at the activity level for the General Fund and total expenditure level for the Special Revenue Funds; however, they are maintained at the account level for control purposes.
- e. Formal budgetary integration is employed as a management control device during the year.
- f. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at December 31 are not carried forward to the following fiscal year.
- g. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year.

Bath Charter Township  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**8. Cash, Cash Equivalents, and Investments**

Cash and cash equivalents consist of checking, savings, certificates of deposit with terms of maturity less than 90 days, and investment trust fund accounts. The cash and cash equivalents are recorded at cost, which approximates market value.

Investments include mutual funds, commercial debt, U.S. Government Securities, and certificates of deposit with an original maturity of greater than 90 days from the date of purchase. Investments are recorded at market value in accordance with GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

**9. Receivables**

Receivables consist of amounts due from various individuals and businesses related to charges for services, amounts owed to the Township from special assessment, and taxes levied that have not been collected.

**10. Property Tax**

Bath Charter Township bills and collects its own property taxes and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Property taxes are levied twice per year. A summer tax is levied on July 1 and a winter tax is levied on December 1. The tax levies are due September 14 and February 14, respectively. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Clinton County Treasurer on March 1 of the year following the levy. The Clinton County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection.

The Township's property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Although the Township's 2012 tax is levied and collectible on December 31, 2012, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of Township operations.

The Township is permitted to levy up to \$5 per \$1,000 of taxable valuation for general governmental service and additional amounts for special and debt services. For the year ended December 31, 2012, the Township levied 3.7254 mills for general governmental services and 3.0000 mills for police and fire services. The total taxable value for the 2011 levy for property within the Township was \$360,114,868.

**11. 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. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Bath Charter Township  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**12. Compensated Absences**

Township employees are granted sick and vacation leave in varying amounts. In the event of termination, an employee is paid for accumulated sick and vacation time. All employees with accumulated unused sick and vacation time pay at December 31, 2012 were vested and the total due to them, along with the related payroll taxes, is recorded entirely in the government-wide financial statements.

**13. Capital Assets**

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and business-type activities columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	15 - 20 years
Buildings and improvements	10 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	2 - 8 years
Sewer system and improvements	15 - 40 years
Flowage rights	50 years

**14. Long-Term Obligations**

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

**15. Deferred and Unearned Revenue**

Deferred and unearned revenue consists of property taxes for which there is an enforceable claim as of December 31, 2012, but which are levied to finance year 2013 operations. Governmental funds report deferred revenues in connection with receivables for revenue that is not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. The government-wide and proprietary fund financial statements report the unearned revenues that are un-available to liquidate liabilities of the current period.

**16. Comparative Data**

Comparative data for the prior year has not been presented in all funds in the accompanying financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

Bath Charter Township  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit 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 States government and which maintains a principal office or branch office located in this State under the laws of the 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 belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

**Deposits**

There is a custodial credit risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2012, the carrying amount of the Township's deposits were \$5,628,070 and the bank balance was \$4,384,729, of which \$4,376,252 was covered by federal depository insurance. The remaining balance of \$8,477 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Bath Charter Township  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

Investments

As of December 31, 2012, the carrying amounts and market values for the investments were as follows:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Weighted Average Maturity</u>	<u>Rating</u>	<u>%</u>
Insured or registered for which the securities are held by the Township's agent in the Township's name				
Michigan State Housing Development Authority	\$ 70,757	2.2 years	AA	3.77%
Lincoln Michigan Consolidated Schools	20,475	1.3 years	AA-	1.09%
Van Dyke Michigan Public Schools	50,101	3 Months	AA-	2.67%
Roseville Michigan Community Schools	223,063	2.3 years	N/R	11.88%
Oakland Macomb County Community Schools	131,414	4.2 years	AAA	7.00%
Buena Vista Township Michigan	52,723	19 years	N/R	2.81%
Fannie Mae	104,526	28.7 years	N/R	5.57%
Federal Home Loan Bank	153,008	5.1 years	AAA	8.15%
Federal Home Loan Mortgage Corporation	249,853	18.0 years	N/R	13.31%
Government National Mortgage Association	708,735	24 years	N/R	37.76%
Federal National Mortgage Association	62,591	21.9 years	N/R	3.33%
	1,827,246			
Uncategorized pooled investment funds	49,622	N/A	N/A	2.64%
	<u>\$ 1,876,868</u>			

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of December 31, 2012, the Township's investments were rated by Moody's as noted above.

Interest Rate Risk

The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics.

Concentration of Credit Risk

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio by security type to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Custodial Credit Risk

The Township will minimize custodial credit risk, which is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments that are in possession of an outside party by diversifying its investments by institution to ensure that potential losses on individual securities do not exceed the income generated by the remainder of the portfolio.

Bath Charter Township  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions in the basic financial statements, based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of December 31, 2012:

	Primary Government	Fiduciary Funds	Total
Cash and cash equivalents	\$ 1,603,949	\$ 2,790,989	\$ 4,394,938
Investments - current	499,039	-	499,039
Investments - noncurrent	2,610,961	-	2,610,961
	<u>\$ 4,713,949</u>	<u>\$ 2,790,989</u>	<u>\$ 7,504,938</u>

**NOTE C: INTERFUND RECEIVABLES AND PAYABLES**

The amount of interfund receivables and payables at December 31, 2012, are as follows:

Due to General Fund from:	
Sewer System Fund	\$ 279,716
Capital Improvements Fund	10,183
Nonmajor enterprise fund	<u>35,000</u>
	<u>\$ 324,899</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for service transactions that have not cleared as of the balance sheet date.

**NOTE D: INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfers to Capital Improvements Fund from:	
General Fund	<u>\$ 428,256</u>
Transfers to nonmajor governmental funds from:	
General Fund	<u>\$ 116,449</u>

Transfers to the Capital Improvements Fund and nonmajor governmental funds from the General Fund were to fund current year operations.

Bath Charter Township  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**NOTE E: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012 was as follows:

	Balance Jan. 1, 2012	Additions	Deletions	Balance Dec. 31, 2012
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 1,069,677	\$ -	\$ -	\$ 1,069,677
Construction in progress	23,295	79,860	(103,155)	-0-
Subtotal	1,092,972	79,860	(103,155)	1,069,677
Capital assets being depreciated				
Land improvements	781,819	45,103	-	826,922
Buildings and improvements	2,171,102	103,155	-	2,274,257
Machinery and equipment	421,400	130,911	(17,826)	534,485
Flowage rights	76,017	-	-	76,017
Vehicles	2,036,799	-	(19,454)	2,017,345
Office equipment and furniture	98,987	-	-	98,987
Subtotal	5,586,124	279,169	(37,280)	5,828,013
Less accumulated depreciation for:				
Land improvements	(484,230)	(29,582)	-	(513,812)
Buildings and improvements	(681,064)	(49,139)	-	(730,203)
Machinery and equipment	(149,146)	(59,198)	15,467	(192,877)
Flowage rights	(10,641)	(1,521)	-	(12,162)
Vehicles	(1,365,757)	(91,937)	19,454	(1,438,240)
Office equipment and furniture	(79,193)	(6,599)	-	(85,792)
Subtotal	(2,770,031)	(237,976)	34,921	(2,973,086)
Net capital assets being depreciated	2,816,093	41,193	(2,359)	2,854,927
Capital assets, net	<u>\$ 3,909,065</u>	<u>\$ 121,053</u>	<u>\$ (105,514)</u>	<u>\$ 3,924,604</u>

The current year depreciation expense of \$237,976 has been adjusted by \$2,359 for the loss on disposal of capital assets during the year, in accordance GASB Statement No. 34 implementation guide which states that immaterial losses may be handled as an adjustment to the current period's depreciation expense.

Depreciation expense was charged to the following governmental activities:

General government	\$ 33,200
Public safety	150,172
Public works	40,298
Recreation and culture	16,665
Total depreciation expense	<u>\$ 240,335</u>



## Bath Charter Township

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

**NOTE E: CAPITAL ASSETS - CONTINUED**

	Balance Jan. 1, 2012	Additions	Deletions	Balance Dec. 31, 2012
<b>Business-type activities</b>				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 43,327	\$ -	\$ 43,327
Capital assets being depreciated				
Sewer System	14,327,330	663,424	-	14,990,754
Equipment	105,202	-	-	105,202
Subtotal	14,432,532	663,424	-0-	15,095,956
Less accumulated depreciation for:				
Sewer System	(4,542,133)	(269,177)	-	(4,811,310)
Equipment	(76,073)	(5,120)	-	(81,193)
Subtotal	(4,618,206)	(274,297)	-0-	(4,892,503)
Net capital assets being depreciated	9,814,326	389,127	-0-	10,203,453
Capital assets, net	<u>\$ 9,814,326</u>	<u>\$ 432,454</u>	<u>\$ -0-</u>	<u>\$ 10,246,780</u>

**NOTE F: LONG-TERM DEBT**

The following is a summary of changes in long-term debt (including current portion) of the Township for the year ended December 31, 2012:

	Balance Jan. 1, 2012	Additions	Deletions	Balance Dec. 31, 2012	Amounts Due Within One Year
<b>Governmental activities</b>					
2000 Building Authority Bonds	\$ 545,000	\$ -	\$ (45,000)	\$ 500,000	\$ 50,000
Installment purchase agreement	114,971	-	(56,197)	58,774	58,774
Vehicle purchase agreement	55,566	-	(55,566)	-	-
Siren purchase agreement	-	111,715	-	111,715	36,143
Compensated absences	107,404	149,764	(139,098)	118,070	29,518
	822,941	261,479	(295,861)	788,559	174,435
<b>Business-type activities</b>					
1973 Sanitary Sewer Bonds	325,000	-	(150,000)	175,000	175,000
2001 Sanitary Sewer Bonds	300,000	-	(30,000)	270,000	35,000
2004A Sewer Bonds	2,190,000	-	(130,000)	2,060,000	135,000
2009 General Obligation Bonds	3,400,000	-	(100,000)	3,300,000	100,000
	6,215,000	-0-	(410,000)	5,805,000	445,000
	<u>\$ 7,037,941</u>	<u>\$ 261,479</u>	<u>\$ (705,861)</u>	<u>\$ 6,593,559</u>	<u>\$ 619,435</u>

Bath Charter Township  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**NOTE F: LONG-TERM DEBT - CONTINUED**

Significant details regarding outstanding long-term debt (including current portion) are presented below:

**General Obligation Bonds**

\$900,000 Building Authority Bonds, Series 2000, dated August 1, 2000, due in annual installments ranging from \$50,000 to \$75,000 through May 1, 2020, with interest ranging from 5.50 to 5.80 percent, payable semi-annually.	\$ 500,000
\$3,550,000 Clinton County Sanitary Sewer Disposal System No. 4 Bonds dated November 1, 1973, due in an annual installment of \$175,000 on November 1, 2013, with interest rate of 4.00 percent, payable semi-annually.	175,000
\$600,000 Clinton County Sanitary Sewer Project Bonds, Series 2001, dated January 1, 2001, due in annual installments ranging from \$35,000 to \$45,000 through November 1, 2019, with interest ranging from 4.80 to 5.20 percent, payable semi-annually.	270,000
\$2,980,000 Bath Township Capital Improvement Bonds, Series 2004A, dated May 19, 2004, due in annual installments ranging from \$135,000 to \$215,000 through November 1, 2024, with interest ranging from 4.00 to 4.60 percent, payable semi-annually.	2,060,000
\$3,500,000 Bath Township General Obligation Bonds, Series 2009, dated December 22, 2009, due in annual installments ranging from \$100,000 to \$200,000 through May 1, 2030, with interest ranging from 2.50 to 4.70 percent, payable semi-annually.	<u>3,300,000</u>
	<u><u>\$ 6,305,000</u></u>

**Installment Purchase Agreements**

The following installment purchase agreements are considered municipal purchase contracts, under Act No. 99 PA of 1933, as amended, and are not subject to State of Michigan, Department of Treasury approval:

\$269,434 Fire Truck Installment Purchase Agreement, due in annual installments of \$61,401 through January 7, 2013, with interest of 4.45 percent, payable annually.	\$ 58,774
\$111,715 Emergency Siren Installment Purchase Agreement, dated July 13, 2012, due in annual installments ranging from \$36,143 to \$38,344 through July 1, 2015, with interest of 3.00 percent annually.	<u>111,715</u>
	<u><u>\$ 170,489</u></u>

Bath Charter Township  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**NOTE F: LONG-TERM DEBT - CONTINUED**

Year Ending December 31,	General Obligation Bonds		Installment Purchase Agreements		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 495,000	\$ 265,690	\$ 94,917	\$ 5,900	\$ 589,917	\$ 271,590
2014	330,000	245,956	37,228	2,267	367,228	248,223
2015	385,000	231,847	38,344	1,150	423,344	232,997
2016	400,000	215,808	-	-	400,000	215,808
2017	465,000	197,953	-	-	465,000	197,953
2018-2022	2,210,000	694,973	-	-	2,210,000	694,973
2023-2027	1,420,000	276,460	-	-	1,420,000	276,460
2028-2030	600,000	42,000	-	-	600,000	42,000
	<u>\$ 6,305,000</u>	<u>\$ 2,170,687</u>	<u>\$ 170,489</u>	<u>\$ 9,317</u>	<u>\$ 6,475,489</u>	<u>\$ 2,180,004</u>

**Compensated absences**

Individual employees have vested rights upon termination of employment to receive payments for unused sick and vacation time. The dollar amount of these vested rights including related payroll taxes, which have been accrued on the financial statements in the government-wide financial statements, amounted to approximately \$118,070 at December 31, 2012. The amounts of \$29,518 and \$88,552 have been reported as current and noncurrent liabilities, respectively.

**NOTE G: RETIREMENT PLAN**

**TOWNSHIP GENERAL**

The Township participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all eligible (i.e., full-time) employees of the Township. The system provides retirement, disability, and death benefits to plan members and their beneficiaries.

The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

**Funding Policy**

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's collective bargaining units and requires no contribution from the employees. The Township is required to provide amounts necessary to fund the system.

Bath Charter Township  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**NOTE G: RETIREMENT PLAN - CONTINUED**

**Annual Pension Cost**

For year ended December 31, 2012, the Township's annual pension cost of \$131,628 for the plan was equal to the Township's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation as of December 31, 2010, using the entry age normal actuarial method. Actual required contributions were based on actual reported monthly payroll. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 1.0 % per year for 2012 through 2014 and 4.5% per year thereafter, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 8.40% per year, depending on age, attributable to seniority/merit and promotional salary increases and the assumption that benefits will increase 2.5% annually for persons under Benefit E-1 or E-2. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four (4) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 28 years.

**Three (3) year trend information**

	Year Ended December 31,		
	2009	2010	2011
Actuarial value of assets	\$ 3,310,602	\$ 3,639,181	\$ 4,033,653
Actuarial accrued liability (entry age)	4,267,703	4,519,531	4,970,114
Unfunded (overfunded) AAL	957,101	880,350	936,461
Funded ratio	78 %	81 %	81 %
Covered payroll	1,223,650	1,245,513	1,276,181
UAAL as a percentage of covered payroll	78 %	71 %	73% %

	Year Ended December 31,		
	2010	2011	2012
Annual pension cost	\$ 125,513	\$ 127,714	\$ 131,628
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

**BOARD MEMBERS**

**Plan Description**

Bath Charter Township is the sponsor of a defined contribution retirement plan for the sole benefit of the Board Members for the Township. The Bath Charter Township Pension Plan is a money purchase defined contribution pension benefit plan. Contributions are based on a pre-established wage-based contribution schedule with the Township contributing 100% of the amount. Employees may elect to contribute additional amounts ranging from 1 to 10 percent of their compensation. During the year ended December 31, 2012, Bath Charter Township made contributions for all eligible participating employees equal to 10% of their base compensation. To be eligible to participate, an employee must be full-time, eighteen (18) years of age, and have completed three (3) months of services. The eligibility computation period is in the three (3) month period that begins with the date hired.

Bath Charter Township

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

**NOTE H: RISK MANAGEMENT**

The Township is exposed to various risks of loss for liability, property, automobile, crime, inland marine, public officials, law enforcement liability, excess liability, and employer's liability for which the Township carries commercial insurance.

The Township also participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Township has not been informed of any special assessments being required.

**NOTE I: DETAILS OF FUND BALANCE CATEGORIES AND CLASSIFICATIONS**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The following are the five classifications of fund balance under this standard:

*Nonspendable* - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

*Restricted* - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

*Committed* - amounts constrained on use imposed by formal action of the government's highest level of decision making authority (i.e., Board, Council, etc.).

*Assigned* - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

*Unassigned* - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

**Fund Balance Classification Policies and Procedures**

For committed fund balance, Bath Charter Township's highest level of decision-making authority is the Board of Trustees. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.

For assigned fund balance, the Township Trustees are authorized to assign amounts to a specific purpose. The authorization has been delegated by the Township Trustees to the Township Superintendent.

For the classification of fund balances, Bath Charter Township considers restricted amounts to have been spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, Bath Charter Township considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Bath Charter Township  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**NOTE I: DETAILS OF FUND BALANCE CATEGORIES AND CLASSIFICATIONS - CONTINUED**

**Fund Balance Classification Policies and Procedures - continued**

	General Fund	Capital Improvements	Nonmajor Funds	Total
Fund Balances				
Nonspendable				
Prepays	\$ 64,184	\$ -	\$ -	\$ 64,184
Restricted				
Public safety	-	-	27,421	27,421
Debt service	-	-	2,253	2,253
Committed				
Budget stabilization	183,210	-	-	183,210
Cemetery	-	-	68,971	68,971
Farmers' Market	-	-	4,702	4,702
Assigned				
Capital projects	172,295	-	-	172,295
Unassigned	2,825,451	-	-	2,825,451
	<u>\$ 3,245,140</u>	<u>\$ -0-</u>	<u>\$ 103,347</u>	<u>\$ 3,348,487</u>

**NOTE J: COMPONENTS OF NET POSITION**

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was implemented in the current period. This Statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. The Statement of Net Position reports the following components: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

**NOTE K: UPCOMING ACCOUNTING PRONOUNCEMENTS**

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The Statement will be effective for the Township's fiscal year ending December 31, 2013. The Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Township is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the Township's fiscal year ending December 31, 2015.

Bath Charter Township  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**NOTE L: SUBSEQUENT EVENT**

On January 30, 2013, the Township issued General Obligation Refunding Bonds Bonds, Series 2013, for \$2,225,000 for the purpose of refunding the Township's Capital Improvement Bonds, Series 2004A, and Sanitary Sewer Project Bonds, Series 2001.

## **REQUIRED SUPPLEMENTARY INFORMATION**



Bath Charter Township  
General Fund  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Taxes				
Current property taxes				
General	\$ 1,499,250	\$ 1,499,250	\$ 1,302,984	\$ (196,266)
Police and fire	1,150,856	1,150,856	1,081,005	(69,851)
Other	122,000	122,000	46,412	(75,588)
Trailer taxes	2,000	2,000	2,057	57
Tax collection fees	132,740	132,740	155,035	22,295
	<u>2,906,846</u>	<u>2,906,846</u>	<u>2,587,493</u>	<u>(319,353)</u>
Total taxes				
Licenses and permits	50,000	50,000	36,062	(13,938)
Franchise fees				
Intergovernmental	760,000	760,000	840,000	80,000
State shared revenue	8,000	8,000	7,499	(501)
Metro act revenue	5,000	5,000	6,483	1,483
Liquor licenses				
	<u>773,000</u>	<u>773,000</u>	<u>853,982</u>	<u>80,982</u>
Total intergovernmental				
Charges for services	31,000	31,000	31,000	-0-
Administration fees	30,000	30,000	33,849	3,849
Court fees	21,000	21,000	29,711	8,711
Park and recreation fees	500	500	12	(488)
Fire fees	2,000	2,000	2,655	655
Police fees	1,000	1,000	-	(1,000)
Other				
	<u>85,500</u>	<u>85,500</u>	<u>97,227</u>	<u>11,727</u>
Total charges for services				
Interest and rents	120,000	120,000	126,323	6,323
Interest - regular	3,000	3,000	2,259	(741)
Interest - tax collections	45,000	45,000	60,396	15,396
Rental fees				
	<u>168,000</u>	<u>168,000</u>	<u>188,978</u>	<u>20,978</u>
Total interest and rents				
Other	10,000	10,000	8,294	(1,706)
Refunds and rebates	5,500	5,500	32,638	27,138
Reimbursements	32,000	32,000	13,126	(18,874)
Other revenue				
	<u>47,500</u>	<u>47,500</u>	<u>54,058</u>	<u>6,558</u>
Total other				
TOTAL REVENUES	<u>4,030,846</u>	<u>4,030,846</u>	<u>3,817,800</u>	<u>(213,046)</u>

Bath Charter Township

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current				
General government				
Township board	\$ 201,980	\$ 234,480	\$ 231,212	\$ 3,268
Supervisor	12,800	13,300	13,203	97
Superintendent	122,168	122,168	116,023	6,145
Elections	32,300	26,400	27,298	(898)
Assessor	122,320	99,820	85,283	14,537
Clerk	146,591	165,591	158,013	7,578
Board of review	4,500	4,500	1,720	2,780
Treasurer	150,485	152,985	149,928	3,057
Building and grounds	151,500	161,500	147,583	13,917
Senior center	-	-	6,674	(6,674)
Other	254,869	316,019	322,800	(6,781)
Total general government	1,199,513	1,296,763	1,259,737	37,026
Public safety				
Police department	1,401,907	1,299,907	1,199,249	100,658
Fire department	259,391	245,391	237,412	7,979
Total public safety	1,661,298	1,545,298	1,436,661	108,637
Public works				
Department of public works	286,330	292,830	270,077	22,753
Recreation and culture				
Parks and recreation	83,800	70,800	63,812	6,988
Debt service				
Principal	287,000	112,500	111,763	737
Interest	18,000	8,000	8,087	(87)
Total debt service	305,000	120,500	119,850	650
Capital outlay	50,000	36,000	52,035	(16,035)
TOTAL EXPENDITURES	3,585,941	3,362,191	3,202,172	160,019
EXCESS OF REVENUES OVER EXPENDITURES	444,905	668,655	615,628	(53,027)

Bath Charter Township

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING (USES)				
Transfers out	<u>\$ (444,905)</u>	<u>\$ (634,905)</u>	<u>\$ (544,705)</u>	<u>\$ 90,200</u>
NET CHANGE IN FUND BALANCE	-	33,750	70,923	37,173
Fund balances, beginning of year	<u>3,174,217</u>	<u>3,174,217</u>	<u>3,174,217</u>	<u>-0-</u>
Fund balances, end of year	<u><u>\$ 3,174,217</u></u>	<u><u>\$ 3,207,967</u></u>	<u><u>\$ 3,245,140</u></u>	<u><u>\$ 37,173</u></u>

Bath Charter Township

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended December 31, 2012

**NOTE A: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Michigan Public Act 621 of 1978, Sections 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amounts appropriated.

In the budgetary comparison schedule shown as required supplementary information to the basic financial statements, the Township's budgeted expenditures in the General Fund have been shown at the functional classification level. The approved budgets of the Township have been adopted at the activity level for the General Fund and the total expenditure level for the Special Revenue Funds.

During the year ended December 31, 2012, the Township incurred expenditures in the General Fund and one Special Revenue Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Capital outlay	\$ 36,000	\$ 52,035	\$ 16,035
Special Revenue Funds			
Farmers' Market	3,725	5,649	1,924

## **OTHER SUPPLEMENTARY INFORMATION**

Bath Charter Township  
Nonmajor Governmental Funds  
COMBINING BALANCE SHEET  
December 31, 2012

	Special			
	Police Training	Street Lighting	Drug Forfeiture	Cemetery
ASSETS				
Cash and cash equivalents	\$ 5,722	\$ 48,674	\$ 17,624	\$ 68,997
Accounts receivable	-	-	-	-
Special assessments receivable	-	40,987	-	-
TOTAL ASSETS	5,722	89,661	17,624	68,997
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,722</u>	<u>\$ 89,661</u>	<u>\$ 17,624</u>	<u>\$ 68,997</u>
LIABILITIES				
Accounts payable	\$ -	\$ 6,316	\$ -	\$ 26
Deferred revenue	-	83,345	-	-
TOTAL LIABILITIES	-0-	89,661	-0-	26
DEFERRED INFLOWS OF RESOURCES	-	-	-	-
FUND BALANCES				
Restricted	5,722	-	17,624	-
Committed	-	-	-	68,971
TOTAL FUND BALANCES	<u>5,722</u>	<u>-0-</u>	<u>17,624</u>	<u>68,971</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 5,722</u>	<u>\$ 89,661</u>	<u>\$ 17,624</u>	<u>\$ 68,997</u>

Revenue				Debt Service	
Senior Center	Farmers' Market	Building and Zoning	Auto Theft Enforcement	Debt Service	Total
\$ 5,902	\$ 4,452	\$ 12,600	\$ 4,075	\$ 2,253	\$ 170,299
-	250	-	-	-	250
-	-	-	-	-	40,987
5,902	4,702	12,600	4,075	2,253	211,536
-	-	-	-	-	-0-
<u>\$ 5,902</u>	<u>\$ 4,702</u>	<u>\$ 12,600</u>	<u>\$ 4,075</u>	<u>\$ 2,253</u>	<u>\$ 211,536</u>
\$ 5,902	\$ -	\$ 12,600	\$ -	\$ -	\$ 24,844
-	-	-	-	-	83,345
5,902	-0-	12,600	-0-	-0-	108,189
-	-	-	-	-	-0-
-	-	-	4,075	2,253	29,674
-	4,702	-	-	-	73,673
-0-	4,702	-0-	4,075	2,253	103,347
<u>\$ 5,902</u>	<u>\$ 4,702</u>	<u>\$ 12,600</u>	<u>\$ 4,075</u>	<u>\$ 2,253</u>	<u>\$ 211,536</u>

Bath Charter Township

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2012

	Police Training	Street Lighting	Special Drug Forfeiture	Cemetery
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,072	-	-	27,446
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	77,894	-	-
Special assessments	-	-	300	-
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>2,072</b>	<b>77,894</b>	<b>300</b>	<b>27,446</b>
EXPENDITURES				
Current	-	-	-	2,895
General government	2,826	-	-	-
Public safety	-	78,250	-	-
Public works	-	-	-	-
Debt service	-	-	-	5,227
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,826</b>	<b>78,250</b>	<b>-0-</b>	<b>8,122</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(754)</b>	<b>(356)</b>	<b>300</b>	<b>19,324</b>
OTHER FINANCING SOURCES				
Transfers in	-	356	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>(754)</b>	<b>-0-</b>	<b>300</b>	<b>19,324</b>
Fund balances, beginning of year	6,476	-	17,324	49,647
<b>Fund balances, end of year</b>	<b>\$ 5,722</b>	<b>\$ -0-</b>	<b>\$ 17,624</b>	<b>\$ 68,971</b>



Revenue				Debt Service	
Senior Center	Farmers' Market	Building and Zoning	Auto Theft Enforcement	Debt Service	Total
\$ -	\$ -	\$ 110,330	\$ -	\$ -	\$ 110,330
-	-	-	2,200	-	4,272
13,995	4,800	10,323	-	-	56,564
-	-	-	-	7	7
-	-	-	-	-	77,894
4,834	2,447	-	-	-	7,581
18,829	7,247	120,653	2,200	7	256,648
56,174	5,649	-	-	-	64,718
-	-	166,070	-	-	168,896
-	-	-	-	-	78,250
-	-	-	-	74,369	74,369
696	-	-	-	-	5,923
56,870	5,649	166,070	-0-	74,369	392,156
(38,041)	1,598	(45,417)	2,200	(74,362)	(135,508)
28,986	-	12,739	-	74,368	116,449
(9,055)	1,598	(32,678)	2,200	6	(19,059)
9,055	3,104	32,678	1,875	2,247	122,406
\$ -0-	\$ 4,702	\$ -0-	\$ 4,075	\$ 2,253	\$ 103,347

Bath Charter Township

Agency Funds

COMBINING STATEMENT OF ASSETS AND LIABILITIES

December 31, 2012

	Current Tax Collections	Trust and Agency	Total
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$ 2,774,066</u>	<u>\$ 16,923</u>	<u>\$ 2,790,989</u>
<b>LIABILITIES</b>			
Due to other governmental units			
County	\$ 87,693	\$ 1,517	\$ 89,210
Schools	2,616,723	-	2,616,723
Clinton Area Transit System	37,106	-	37,106
Due to individuals and agencies	32,544	3,611	36,155
Due to developers	-	11,795	11,795
<b>TOTAL LIABILITIES</b>	<u>\$ 2,774,066</u>	<u>\$ 16,923</u>	<u>\$ 2,790,989</u>