

**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2011**

**WITH  
INDEPENDENT AUDITORS' REPORT**

**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**INDEPENDENT AUDITORS' REPORT**

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**AUGUSTA CHARTER TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended March 31, 2011**

As management of the Augusta Charter Township (Township), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the year ended March 31, 2011. We encourage readers to consider the information presented here.

**Financial Highlights**

- The Township experienced a decline in taxable value of four (4) percent from the previous year. The Township is anticipated to experience a decline in growth of taxable values of four (4) to five (5) percent next year.
- State Shared Revenues increased seven (7) percent for the year ending March 31, 2011. The actual 2010 Census population count of 6,745, up from the 2000 Census of 4,813 a 40% increase will impact the year ending March 2012 State Revenue Sharing by 68%.
- Overall new zoning and planning applications decreased by fourteen (14) percent. Applications for new single family homes remained the same from the prior year ending March 31, 2010.
- Single family home applications were two (2), two (2), nine (9) and thirty-six (36) for years ending March 31, 2011, 2010, 2009 and 2008 respectively.

**Governmental activities:**

- Property taxes, state shared revenues and service fees finance most of the Township's basic services, such as fire, public works, community development, and general administration.
- The Township is leasing a building to temporarily store and operate Fire and Utility operations. The costs are born by the Fire and Utility departments based upon square footage occupied. As of 2011 the Elections Department shares a small portion for storage.

**Business-type activities:**

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

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the government's net assets changed during the year ended March 31, 2011. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, highways and streets, sanitation, public works, and culture and recreation. The business-type activities of the Township include utility systems.

The government-wide financial statements can be found on pages 3 – 5 of this report.

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

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements.

However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the year ended March 31, 2011. Such information may be useful in evaluating a government's near-term financing requirements.

The Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, fire fund, Capital Projects fund and environmental fund.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental fund financial statements can be found on pages 6 – 9 of this report.

**Proprietary funds.** The Township maintains an *Enterprise fund*, a type of proprietary fund, used to report functions presented as *business-type activities* in the government-wide financial statements. The Township uses an enterprise fund to account for its Wastewater and Water System Funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Wastewater and Water System Fund, which are considered to be a major fund of the Township.

The proprietary fund financial statements can be found on pages 10 - 13 of this report.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 14 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 - 29 of this report.

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

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$7,478,595 at the close of the year ended March 31, 2011.

By far the largest portion of the Township's net assets (63 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

The Township's business-type activity, the Water System and Wastewater System, which supplies water distribution and provides sewage treatment, is provided to the residents by the Ypsilanti Community Utilities.

Authority (YCUA). The Township passes water & sewer rate increases received from YCUA to its residents.

The Township is looking into the purchase of property with an existing building for the purpose of storage of utility equipment. A portion of the building is expected to be rented to the fire department for storage of fire equipment.

### Augusta Charter Township's Net Assets

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 923,698	\$ 1,968,288	\$ 2,891,986
Capital assets	329,633	6,496,347	6,825,980
Total assets	\$ 1,253,331	\$ 8,464,635	\$ 9,717,966
Long term liabilities outstanding	\$ 90,547	\$ 1,910,958	\$ 2,001,505
Other liabilities	91,487	146,379	237,866
Total liabilities	182,034	2,057,337	2,239,371
<b>Net assets:</b>			
Invested in capital assets, net of related debt	196,772	4,509,053	4,705,825
Restricted	675,013	76,336	751,349
Unrestricted	199,512	1,821,909	2,021,421
Total net assets	\$ 1,071,297	\$ 6,407,298	\$ 7,478,595

An additional portion of the Township's net assets (10 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$2,021,421 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

## Augusta Charter Township's Statement of Activities

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Program revenues:</b>			
<b>Charges for services:</b>			
General government	\$ 14,312	\$ -	\$ 14,312
Public safety	1,877	-	1,877
Utility	-	1,143,773	1,143,773
<b>Capital grants:</b>			
Utility	-	154,527	154,527
Total program revenues	<u>16,189</u>	<u>1,298,300</u>	<u>1,314,489</u>
<b>General revenues:</b>			
Property taxes	675,746	-	675,746
Investment earnings	583	-	583
Franchise fees	36,389	-	36,389
State revenue sharing	316,219	-	316,219
Other	120,511	47,830	168,341
Total general revenues	<u>1,149,448</u>	<u>47,830</u>	<u>1,197,278</u>
Total revenues	<u>1,165,637</u>	<u>1,346,130</u>	<u>2,511,767</u>
<b>Expenses:</b>			
General government	488,721	-	488,721
Public safety	421,302	-	421,302
Public works	110,173	-	110,173
Community and economic development	14,315	-	14,315
Utility	-	1,414,552	1,414,552
Total expenses	<u>1,034,511</u>	<u>1,414,552</u>	<u>2,449,063</u>
Change in net assets	131,126	(68,422)	62,704
Net assets, beginning of year	<u>940,171</u>	<u>6,475,720</u>	<u>7,415,891</u>
Net assets, end of year	<u>\$ 1,071,297</u>	<u>\$ 6,407,298</u>	<u>\$ 7,478,595</u>



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

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

As of the year ended March 31, 2011, the Township's governmental funds reported combined ending fund balances of \$874,525. Special Revenue Funds have \$675,013 available for their special uses. The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$199,512. General Fund overhead expenses collected from other funds is reported as revenue rather than netted against operating expenses.

The fund balance of the Township's General Fund increased by \$128,885 during the year ended March 31, 2011.

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

Unrestricted net assets of the Water and Wastewater Fund at the end of the year amounted to \$700,943 as shown on Page 10 of the report. The total decrease in net assets for the fund was \$68,422 as shown on Page 11 of the report.

### **General Fund Budgetary Highlights**

The General Fund will continue to make monthly payments to repay the USDA Special Assessment Water District account over the next 29 years for monies borrowed to payoff the YCUA Sewage Capacity Lease contract obligation of \$2.3 million which was to have been paid by developers.

### **Capital Asset and Debt Administration**

**Capital assets.** The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2011, amounts to \$6,825,980 (net of accumulated depreciation). This investment in capital assets includes land, buildings and utility systems, machinery and equipment and park facilities.

Capital assets purchased during the year ended March 31, 2011 were:

- Water meters, \$2,000, reported in the business-type activities.
- Behmis road additions, \$33,955, reported in the business-type activities.

### Augusta Charter Township's Capital Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 28,900	\$ -	\$ 28,900
Buildings and improvements	95,547	-	95,547
Office furniture, equipment and computers	74,335	-	74,335
Vehicles	15,000	-	15,000
Fire vehicles and equipment	1,236,180	-	1,236,180
Water system and equipment	-	9,267,263	9,267,263
Sewer system and equipment	-	2,600,458	2,600,458
Bond issuance costs	-	50,064	50,064
	<u>\$ 1,449,962</u>	<u>\$ 11,917,785</u>	<u>\$ 13,367,747</u>

Additional information on the Township's capital assets can be found in Note 5 on pages 23 and 24.

**Long-term debt.** At the year ended March 31, 2011, the Township had total bonded and contract debt outstanding of \$1,987,295. Of this amount, \$893,344 comprises debt backed by the full faith and credit of the government. The remainder of the Township's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

### Augusta Charter Township's Outstanding Debt General Obligation and Revenue Bonds

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General obligation bonds	\$ -	\$ 866,328	\$ 866,328
Revenue bonds	-	1,120,967	1,120,967
Total	<u>\$ -</u>	<u>\$ 1,987,295</u>	<u>\$ 1,987,295</u>

Additional information on the Township's long-term debt can be found in Note 8 on pages 26 – 28 of this report.

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

- The Township continues to experience a decline in overall property values due to Michigan's overall economy.
- The Township continues to pursue the sale of two (2) Township properties with the proceeds to be used for the purpose of funding a new Fire Building. One parcel, originally identified as a future fire department site had been determined to be too small a parcel to fit the township's current needs.

### Requests for Information

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

September 20, 2011

## INDEPENDENT AUDITORS' REPORT

Augusta Charter Township  
Washtenaw County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Augusta Charter Township, Washtenaw County, Michigan, as of and for the year ended March 31, 2011, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Augusta Charter Township, Washtenaw County, Michigan's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Augusta Charter Township, Washtenaw County, Michigan, as of March 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i through vii and 32 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.

September 20, 2011

Augusta Charter Township  
Washtenaw County, Michigan

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Augusta Charter Township, Washtenaw County, Michigan as a whole. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have 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.

  
**Robertson, Eaton & Owen, P.C.**

**AUGUSTA CHARTER TOWNSHIP  
STATEMENT OF NET ASSETS  
MARCH 31, 2011  
WITH COMPARATIVE TOTALS FOR MARCH 31, 2010**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total 2011</b>	<b>2010</b>
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 1,119,271	\$ 293,851	\$ 1,413,122	\$ 1,132,647
Taxes receivable	-	-	-	-
Accounts receivable	435	350,706	351,141	249,722
Contract receivable	(13,320)	13,320	-	-
Interfund activity	-	-	-	-
Due from fiduciary funds	1,095	-	1,095	102,208
Due from other governmental units	110,411	26,725	137,136	141,340
Prepaid expenses	4,500	11,245	15,745	2,500
Inventory	-	37,764	37,764	39,764
YCUA deposits	-	-	-	11,245
<b>Restricted assets available for current liabilities:</b>				
Bond interest and redemption account - cash	-	32,773	32,773	27,580
Bond interest and redemption account - investment	-	109,089	109,089	111,498
<b>Total Current Assets</b>	<b>1,222,392</b>	<b>875,473</b>	<b>2,097,865</b>	<b>2,900,762</b>
<b>Noncurrent assets:</b>				
Contract receivable general fund	(298,694)	298,694	-	-
<b>Restricted Investments:</b>				
Bond interest and redemption account - cash	-	-	-	-
Bond interest and redemption account - investment	-	794,121	794,121	796,430
<b>Capital assets:</b>				
Capital Assets (See Note 5)	329,633	6,496,347	6,825,980	7,178,155
<b>Total Noncurrent Assets</b>	<b>30,939</b>	<b>7,589,162</b>	<b>7,620,101</b>	<b>7,974,585</b>
<b>Total assets</b>	<b>\$ 1,253,331</b>	<b>\$ 8,464,635</b>	<b>\$ 9,717,966</b>	<b>\$ 10,875,347</b>

The notes to the financial statements are an integral part of this statement.

**AUGUSTA CHARTER TOWNSHIP  
STATEMENT OF NET ASSETS  
MARCH 31, 2011  
WITH COMPARATIVE TOTALS FOR MARCH 31, 2010**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total 2011</u>	<u>2010</u>
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 30,833	\$ 70,043	\$ 100,876	\$ 87,001
Due to other governmental units	-	-	-	-
Due to Fiduciary Funds	-	-	-	15,837
Salaries payable	8,438	-	8,438	2,238
Accrued expenses	-	-	-	3,268
Deferred revenue	9,901	-	9,901	1,082,258
Current portion of contract payable	42,315	30,336	72,651	72,261
Current portion of long term obligations	-	46,000	46,000	47,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	91,487	146,379	237,866	1,309,863
<b>Noncurrent liabilities:</b>				
Noncurrent portion of contract payable	90,547	835,992	926,539	998,626
Noncurrent portion of long term obligations	-	1,074,966	1,074,966	1,150,967
	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	90,547	1,910,958	2,001,505	2,149,593
Total liabilities	<hr/>	<hr/>	<hr/>	<hr/>
	182,034	2,057,337	2,239,371	3,459,456
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	196,772	4,509,053	4,705,825	4,909,301
Restricted for:				
Fire department	371,467	-	371,467	346,550
Environmental Fund	267,359	-	267,359	267,359
Capital Projects	36,187	-	36,187	36,097
Debt Service	-	76,336	76,336	-
Unrestricted	199,512	1,821,909	2,021,421	1,856,584
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	\$ 1,071,297	\$ 6,407,298	\$ 7,478,595	\$ 7,415,891

The notes to the financial statements are an integral part of this statement.

AUGUSTA CHARTER TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2011  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2010

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 488,721	\$ 14,312	\$ -	\$ -	\$ (474,409)	\$ -	\$ (427,619)
Public safety	421,302	1,877	-	-	(419,425)	-	(529,198)
Public works	110,173	-	-	-	(110,173)	-	(97,911)
Community and economic development	14,315	-	-	-	(14,315)	-	(14,310)
Total governmental activities	1,034,511	16,189	-	-	(1,018,322)	-	(1,069,038)
<b>Business-type activities:</b>							
Water							
Utility	1,414,552	1,143,773	-	154,527	-	(116,252)	(30,315)
Total business-type activities	1,414,552	1,143,773	-	154,527	-	(116,252)	(30,315)
Total government	\$ 2,449,063	\$ 1,159,962	\$ -	\$ 154,527	\$ (1,018,322)	\$ (116,252)	\$ (1,099,353)
<b>General revenues:</b>							
Property taxes				\$ 675,746	\$ -	\$ -	\$ 681,143
Investment earnings				583	-	-	20,977
Franchise fees				36,389	-	-	32,887
State revenue sharing				316,219	-	-	300,218
Other				116,761	47,830	164,591	111,426
Gain on disposal of capital asset				3,750	-	3,750	-
Total general revenues				1,149,448	47,830	1,197,278	1,146,551
Change in net assets				131,126	(68,422)	62,704	47,298
Total net assets - beginning of year				940,171	6,475,720	7,415,891	7,368,593
Total net assets - end of year				\$ 1,071,297	\$ 6,407,298	\$ 7,478,595	\$ 7,415,891

The notes to the financial statements are an integral part of this statement.

**AUGUSTA CHARTER TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2011  
WITH COMPARATIVE TOTALS FOR MARCH 31, 2010**

	<b>General</b>	<b>Other Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>	
			<b>2011</b>	<b>2010</b>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 462,725	\$ 656,546	\$ 1,119,271	\$ 971,642
Taxes receivable	-	-	-	-
Accounts receivable	-	435	435	14,463
Due from other governmental funds	6,084	-	6,084	3,077
Due from fiduciary funds	1,095	-	1,095	4,201
Due from other governmental units	77,862	32,549	110,411	101,393
Prepaid expenditures	-	4,500	4,500	2,500
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 547,766</u>	<u>\$ 694,030</u>	<u>\$ 1,241,796</u>	<u>\$ 1,097,276</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ 26,338	\$ 4,495	\$ 30,833	\$ 22,114
Due to other funds	-	6,084	6,084	3,077
Due to proprietary funds	-	-	-	26,124
Due to other governmental units	-	-	-	-
Due to Fiduciary Funds	-	-	-	-
Salaries payable	-	8,438	8,438	2,238
Contract payable	312,015	-	312,015	303,985
Accrued expenditures	-	-	-	3,268
Deferred revenue	9,901	-	9,901	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 348,254</u>	<u>\$ 19,017</u>	<u>\$ 367,271</u>	<u>\$ 360,806</u>
<b>FUND BALANCES:</b>				
<b>Reserved for:</b>				
Taxes receivable	-	-	-	-
<b>Unreserved, designated for:</b>				
Fire building	-	-	-	-
<b>Unreserved, undesignated in:</b>				
General fund	199,512	-	199,512	70,627
Fire fund	-	675,013	675,013	650,006
Environmental fund	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	<u>199,512</u>	<u>675,013</u>	<u>874,525</u>	<u>720,633</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities & fund balance	<u>\$ 547,766</u>	<u>\$ 694,030</u>	<u>\$ 1,241,796</u>	<u>\$ 1,081,439</u>



**AUGUSTA CHARTER TOWNSHIP  
RECONCILIATIONS OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
MARCH 31, 2011  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2010**

	<b>2011</b>	<b>2010</b>
Total governmental fund balances	\$ 874,525	\$ 720,633
Amount reported for governmental activities in the statement of net assets are different because:		
Capital assets used in the governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital asset is	1,449,962	1,533,962
The accumulated depreciation is	(1,342,275)	(1,404,509)
Leased property under capital leases is	341,456	359,738
The accumulated amortization is	(119,509)	(96,333)
Contract payable not included in the Governmental Funds	(132,862)	(173,320)
Payment on contract not expense in Governmental Funds	-	-
Total net assets of governmental activities	<b>\$ 1,071,297</b>	<b>\$ 940,171</b>

**AUGUSTA CHARTER TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
MARCH 31, 2011  
WITH COMPARATIVE TOTALS FOR MARCH 31, 2010**

	<u>General</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>	
			<u>2011</u>	<u>2010</u>
<b>REVENUES:</b>				
<b>Local sources:</b>				
Property taxes	\$ 257,634	\$ 418,112	\$ 675,746	\$ 681,143
Franchise fees	36,389	-	36,389	32,887
Investment Earnings	-	583	583	133
Charges for services	14,312	1,877	16,189	26,603
Donations	-	-	-	500
Other	113,023	3,738	116,761	105,183
Total local sources	421,358	424,310	845,668	846,449
State sources	316,219	-	316,219	300,218
Federal sources	-	-	-	-
Total revenues	737,577	424,310	1,161,887	1,146,667
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	482,237	-	482,237	444,952
Public safety	1,967	362,595	364,562	481,864
Public works	110,173	-	110,173	97,911
Community & economic development	14,315	-	14,315	14,310
Capital outlay	-	-	-	-
Total expenditures	608,692	362,595	971,287	1,039,037
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>128,885</b>	<b>61,715</b>	<b>190,600</b>	<b>107,630</b>
Other financing sources (uses):				
Sale of Asset	-	3,750	3,750	-
Redemption of principal	-	(40,458)	(40,458)	(38,683)
Total other financing sources	-	(36,708)	(36,708)	(38,683)
Change in fund balances	128,885	25,007	153,892	68,947
Total fund balances - beginning of year	70,627	650,006	720,633	651,686
Total fund balances - end of year	<u>\$ 199,512</u>	<u>\$ 675,013</u>	<u>\$ 874,525</u>	<u>\$ 720,633</u>

**AUGUSTA CHARTER TOWNSHIP  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
MARCH 31, 2011  
WITH COMPARATIVE TOTALS FOR MARCH 31, 2010**

	<b>2011</b>	<b>2010</b>
Change in fund balances total governmental funds	\$ 153,892	\$ 68,947
 Amounts reported for governmental activities in the statement of activities are different because:		
 Governmental funds report capital outlays as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances. These costs are allocated over their estimated useful lives as depreciation in the Statement of Activities:		
Depreciation expense	(21,766)	(29,685)
Amortization expense on leased property	(37,802)	(37,802)
Capital outlay	-	-
Principal paid on debt	40,458	49,066
Disposal of leased equipment	(3,656)	-
 Change in net assets of governmental activities	 \$ 131,126	 \$ 50,526

**AUGUSTA CHARTER TOWNSHIP  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
MARCH 31, 2011  
WITH COMPARATIVE TOTALS FOR MARCH 31, 2010**

ASSETS:			Totals	
	Wastewater	Water	2011	2010
<b>Current assets:</b>				
Cash and cash equivalents	\$ 23,044	\$ 270,807	\$ 293,851	\$ 133,425
Receivables net of allowances for uncollectible accounts	122,672	228,034	350,706	235,259
Current portion of special assessment receivable	-	65,800	65,800	44,487
Current portion of contract receivable	-	13,320	13,320	12,012
Due from governmental funds	-	-	-	26,124
Due from fiduciary funds	-	-	-	98,007
Due from other governmental units	-	26,725	26,725	39,947
Inventory	-	37,764	37,764	39,764
Prepaid expense	-	11,245	11,245	11,245
<b>Restricted assets available for current liabilities:</b>				
Bond interest and redemption account - cash	32,773	-	32,773	27,580
Bond interest and redemption account - investment	-	109,089	109,089	111,498
Total current assets	<u>178,489</u>	<u>762,784</u>	<u>941,273</u>	<u>779,348</u>
<b>Noncurrent assets:</b>				
Contract receivable	-	298,694	298,694	287,750
Assessment receivable	-	952,596	952,596	1,037,771
Land	-	-	-	-
Water system	-	9,353,282	9,353,282	9,317,327
Sewer system	2,600,458	-	2,600,458	2,600,458
Less: accumulated depreciation	<u>(1,401,682)</u>	<u>(4,055,711)</u>	<u>(5,457,393)</u>	<u>(5,132,488)</u>
Total noncurrent assets	<u>1,198,776</u>	<u>6,548,861</u>	<u>7,747,637</u>	<u>8,110,818</u>
<b>Restricted investments:</b>				
Bond interest and redemption account - cash	-	-	-	-
Bond interest and redemption account - investment	-	794,121	794,121	824,010
Total assets	<u>\$ 1,377,265</u>	<u>\$ 8,105,766</u>	<u>\$ 9,483,031</u>	<u>\$ 9,714,176</u>
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 23,044	\$ 46,999	\$ 70,043	\$ 64,887
Interest payable	-	-	-	-
Salaries payable	-	-	-	-
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Current portion of deferred special assessment receivable	-	-	65,800	44,487
Current portion of YCUA contract	30,336	-	30,336	27,580
Current portion of bond payable	-	46,000	46,000	47,000
Total current liabilities	<u>53,380</u>	<u>92,999</u>	<u>212,179</u>	<u>183,954</u>
<b>Noncurrent liabilities:</b>				
Deferred special assessment revenue	-	952,596	952,596	1,037,771
Noncurrent portion of YCUA contract	835,992	-	835,992	865,764
Noncurrent portion of bond payable	-	1,074,966	1,074,966	1,150,967
Total noncurrent liabilities	<u>835,992</u>	<u>2,027,562</u>	<u>2,863,554</u>	<u>3,054,502</u>
Total liabilities	<u>\$ 889,372</u>	<u>\$ 1,167,965</u>	<u>\$ 2,057,337</u>	<u>\$ 3,238,456</u>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	332,448	5,297,571	5,630,019	4,693,986
Restricted for debt service	30,336	46,000	76,336	139,078
Unrestricted	<u>125,109</u>	<u>575,834</u>	<u>700,943</u>	<u>1,642,656</u>
Total net assets	<u>\$ 487,893</u>	<u>\$ 5,919,405</u>	<u>\$ 6,407,298</u>	<u>\$ 6,475,720</u>

**AUGUSTA CHARTER TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**MARCH 31, 2011**  
**WITH COMPARATIVE TOTALS FOR MARCH 31, 2010**

	<u>Wastewater</u>	<u>Water</u>	<u>2011</u>	<u>Total 2010</u>
<b>Operating revenue:</b>				
Water and sewer usage	\$ 396,979	\$ 720,520	\$ 1,117,499	\$ 1,121,045
Charges for services	7,477	18,797	26,274	22,385
Other	-	5,205	5,205	5,908
Total operating revenues	<u>404,456</u>	<u>744,522</u>	<u>1,148,978</u>	<u>1,149,338</u>
<b>Operating expenses:</b>				
Plant operation	166,632	402,594	569,226	488,054
Administrative and overhead	144,007	222,317	366,324	336,921
Contracted services	23,920	48,564	72,484	49,512
Depreciation and amortization	77,893	247,013	324,906	322,624
Total operating expenses	<u>412,452</u>	<u>920,488</u>	<u>1,332,940</u>	<u>1,197,111</u>
Operating loss	<u>(7,996)</u>	<u>(175,966)</u>	<u>(183,962)</u>	<u>(47,773)</u>
<b>Nonoperating revenues (expenses):</b>				
Other adjustments	-	42,625	42,625	-
Connection fees	-	5,915	5,915	6,433
Special assessment revenue	-	63,862	63,862	61,700
Interest on assessments	2,433	82,317	84,750	72,544
Investment earnings	-	-	-	20,844
Interest expense	(20,369)	(61,243)	(81,612)	(116,976)
Total nonoperating revenues (expenses)	<u>(17,936)</u>	<u>133,476</u>	<u>115,540</u>	<u>44,545</u>
Change in net assets	(25,932)	(42,490)	(68,422)	(3,228)
Total net assets - beginning of year	<u>513,825</u>	<u>5,961,895</u>	<u>6,475,720</u>	<u>6,478,948</u>
Total net assets - end of year	<u>\$ 487,893</u>	<u>\$ 5,919,405</u>	<u>\$ 6,407,298</u>	<u>\$ 6,475,720</u>

**AUGUSTA CHARTER TOWNSHIP  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  
MARCH 31, 2011  
WITH COMPARATIVE TOTALS FOR MARCH 31, 2010**

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 1,225,761	\$ 1,083,129
Cash paid to suppliers and employees	(940,215)	(482,673)
	<u>285,546</u>	<u>600,456</u>
Net cash used in operating activities		
<b>Cash flows from noncapital financing activities:</b>		
Decrease in debt for additional sewer capacity	(27,016)	(285,570)
Cash received for connection fees	5,915	6,433
	<u>(21,101)</u>	<u>(279,137)</u>
Net cash provided by (used in) noncapital financing activities		
<b>Cash flows from capital and related financing activities:</b>		
Special assessment revenue	63,862	61,701
Special assessment interest	74,182	72,544
Purchase of capital assets	(35,955)	(167,731)
Repayment of principal	(77,001)	(584,033)
Interest payments	(81,612)	(116,976)
	<u>(56,524)</u>	<u>(734,495)</u>
Net cash provided by (used in) capital and related financing activities		
<b>Cash flows from investing activities:</b>		
Transfer (to) from investments	(20,572)	233,034
Transfer from restricted investments	(32,298)	-
Interest income	10,568	20,844
	<u>(42,302)</u>	<u>253,878</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	165,619	(159,298)
Cash and cash equivalents at beginning of year	<u>161,005</u>	<u>320,303</u>
Cash and cash equivalents at end of year	<u>\$ 326,624</u>	<u>\$ 161,005</u>

**AUGUSTA CHARTER TOWNSHIP  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
RECONCILIATION OF NET OPERATING LOSS TO NET CASH  
PROVIDED FROM OPERATING ACTIVITIES  
MARCH 31, 2011  
WITH COMPARATIVE TOTALS FOR MARCH 31, 2010**

	<b>2011</b>	<b>2010</b>
Net operating loss	<u>\$ (68,422)</u>	<u>\$ (3,228)</u>
<b>Adjustments to reconcile net operating loss to net cash provided by operating activities</b>		
Depreciation expense	324,906	322,624
<b>(Increase) decrease in:</b>		
Accounts receivable	(115,447)	(66,544)
Due from other funds	26,124	347,006
Due from fiduciary funds	98,007	-
Due from other governments	13,222	-
Inventory	2,000	15,111
<b>Increase (decrease) in:</b>		
Accounts payable and other liabilities	5,156	(13,061)
Due to other funds	<u>-</u>	<u>(1,452)</u>
Total adjustments	<u>353,968</u>	<u>603,684</u>
Net cash provided from operating activities	<u><u>\$ 285,546</u></u>	<u><u>\$ 600,456</u></u>

**AUGUSTA CHARTER TOWNSHIP  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
MARCH 31, 2011  
WITH COMPARATIVE TOTALS FOR MARCH 31, 2010**

	<b>Totals</b>	
	<b>2011</b>	<b>2010</b>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 5,682	\$ 129,663
Investments	32,443	39,854
Due from developers	-	15,837
Total assets	\$ 38,125	\$ 185,354
<b>LIABILITIES:</b>		
Due to other funds	\$ 917	\$ 102,208
Due to other taxing units	37,208	83,146
Total liabilities	\$ 38,125	\$ 185,354



**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2011**

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

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

**A. Reporting Entity**

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

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

**The government reports the following as a major governmental fund:**

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

**The government reports the following as non major funds:**

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trust or major capital projects). The Township accounts for its Fire Service Fund and Environmental Funds in the Special Revenue Funds.

The *Capital Projects Fund* accounts for the resources accumulated and payments made for Capital improvement of the Fire buildings.

**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2011**

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

**B. Government-wide and Fund Financial Statements (Continued)**

**The Government reports the following major proprietary fund:**

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

The *Water System Fund* accounts for the operation and maintenance of the Township's water system.

**Additionally, the government reports the following fund types:**

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

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

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2011**

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

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

Governments also have the *option* of following subsequent private-sector guidance for their business-type activities (water and sewer funds), subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

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

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

The Proprietary Fund distinguishes *operating* revenues and expenses from *nonoperating* 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 Utility Fund relates to charges to customers for sales and services. Operating expenses for this fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Estimates**

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

**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2011**

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

**E. Assets, liabilities, and net assets or equity**

**1. Cash and investments**

Cash includes amounts in cash on hand, demand deposits, except those deposits noted as investments (see below), as well as short-term investments with a maturity date within three months of the date acquired by the Township.

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

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

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

**2. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Township had no advances between funds at March 31, 2011.

Properties are assessed as of December 31 and the tax levies are July 1 and December 1 of the following year. The tax levies of July 1 and December 1, 2010 are revenues in the Township's fiscal year ended March 31, 2011.

The Township had a general tax millage of .8188 for 2010. The Township's maximum allowable millage is 1.0 mills. The Township had a fire department millage of 2.0 for 2010.

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

**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2011**

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

**E. Assets, liabilities, and net assets or equity (Continued)**

**3. Inventories and prepaid items**

Inventories are stated at the lower of cost (first in, first out) or market. Cost is determined by the amount expended. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**4. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

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

**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2011**

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

**E. Assets, liabilities, and net assets or equity (Continued)**

**5. Long-term obligations**

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

**6. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The reserve for taxes receivable represents the portion of the fund balance that is not available for appropriation. The designation for fire building represents the plan that the board of trustees approved to construct a fire hall.

The government-wide statement of net assets reports \$675,703 of restricted net assets of which \$675,703 is restricted by enabling legislation.

**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2011**

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

**A. Budgetary information**

The accounting basis used by the Township for budgeting is in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Township follows the budgetary procedures outlined by the State of Michigan including public hearings and proper adoption. All funds of the Township have a budget. All annual appropriations lapse at fiscal year end. The budgets are amended during the year as needed.

**B. Excess of expenditures over appropriations in budgetary funds**

P.A. 621 of 1978, Section 18(1), as amended, of the State of Michigan provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. None of the Township's funds incurred expenditures in excess of the amount appropriated for the year ended March 31, 2011, however expenditures at the activity level exceeded budgeted amounts.

In the general fund, five expenditure functions exceeded appropriated amount as follows:

	<u>Budgeted Amount</u>	<u>Actual</u>	<u>Variance</u>
<b>General government:</b>			
Assessor	55,680	56,693	(1,013)
Township hall	14,800	27,693	(12,893)
<b>Public safety:</b>			
Police	500	1,967	(1,467)
<b>Public works:</b>			
Road Improvement	82,867	85,823	(2,956)
<b>Community and Economic Development:</b>			
Planning and Zoning	13,569	14,315	(746)

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

**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2011**

**NOTE 3. DEPOSITS AND INVESTMENTS**

**A. Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of March 31, 2011, \$1,333,992 of the Township's bank balance of \$1,583,992 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$1,333,992</u>
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**B. Investments**

The Township's investments include certificates of deposit and money market funds.

Interest rate risk is the risk that the market value of securities invested will fall due to changes in market interest rates. The Township does not have an interest rate risk policy. The weighted average maturity of the proprietary funds certificate of deposits is 504 days.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of investment of collateral securities that are in possession of an outside party. As of March 31, 2011, \$0 of the Township's investments of \$498,796 is uninsured and uncollateralized.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of March 31, 2011, concentrations of 5% or higher include 27.67% at Bank of America, 16.61% Commercial Bank; 10.94% Bank of Holland, Michigan.

**NOTE 4. RECEIVABLES**

Receivables as of March 31, 2011 for the Township's major funds and proprietary funds are as follows:

	<u>General</u>	<u>Waste Water</u>	<u>Water</u>	<u>Total</u>
Receivables:				
Taxes	\$ -	\$ -	\$ -	\$ -
Accounts	-	122,672	228,034	350,706
Special assessments	-	-	-	-
Contract	-	-	312,014	-
Intergovernmental	77,862	-	26,725	104,587
	<hr/>	<hr/>	<hr/>	<hr/>
Gross receivables	77,862	122,672	566,773	455,293
Less: allowance for uncollectibles	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net total receivables (Payables)	<u>\$ 77,862</u>	<u>\$ 122,672</u>	<u>\$ 566,773</u>	<u>\$ 455,293</u>



**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2011**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity governmental and business-type activities follows:

	<b>Primary Government</b>			<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	
<b>Governmental activities:</b>				
Assets not being depreciated-land	\$ 28,900	\$ -	\$ -	\$ 28,900
Buildings and improvements	95,547	-	-	95,547
Office furniture and equipment	46,987	-	-	46,987
Computers and software	27,348	-	-	27,348
Vehicles	15,000	-	-	15,000
Fire equipment	251,190	-	-	251,190
Fire vehicles	1,068,990	-	84,000	984,990
Leased property under capital leases	359,738	-	18,282	341,456
Depreciable capital assets	<u>1,864,800</u>	<u>-</u>	<u>102,282</u>	<u>1,762,518</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	77,547	2,000	-	79,547
Office furniture and equipment	45,112	125	-	45,237
Computers and software	25,515	1,157	-	26,672
Vehicles	15,000	-	-	15,000
Fire equipment	197,086	12,298	-	209,384
Fire vehicles	1,044,249	6,186	84,000	966,435
Total accumulated depreciation	<u>1,404,509</u>	<u>21,766</u>	<u>84,000</u>	<u>1,342,275</u>
<b>Less accumulated amortization for:</b>				
Leased property under capital leases	96,333	37,802	14,626	119,509
Governmental activities net capital assets	<u>\$ 392,858</u>	<u>\$ (59,568)</u>	<u>\$ 3,656</u>	<u>\$ 329,634</u>

**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2011**

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

	Primary Government			Ending Balance
	Beginning Balance	Additions	Disposals	
<b>Business-type activities:</b>				
Assets not being depreciated-land	\$ -	\$ -	\$ -	\$ -
Water system	8,639,363	33,955	-	8,673,318
Water meters and equipment	627,900	2,000	-	629,900
Sewer system	2,479,328	-	-	2,479,328
Sewer equipment	121,130	-	-	121,130
Bond issuance costs	50,064	-	-	50,064
Depreciable capital assets	<u>11,917,785</u>	<u>35,955</u>	<u>-</u>	<u>11,953,740</u>
<b>Less accumulated depreciation for:</b>				
Water system	3,499,058	216,621	-	3,715,679
Water meters and equipment	287,458	29,140	-	316,598
Sewer system	1,244,335	70,545	-	1,314,880
Sewer equipment	79,454	7,347	-	86,801
Total accumulated depreciation	<u>5,110,305</u>	<u>323,653</u>	<u>-</u>	<u>5,433,958</u>
Less accumulated amortization for bond issuance costs	<u>22,183</u>	<u>1,251</u>	<u>-</u>	<u>23,434</u>
Business-type activities net capital assets	<u>\$ 6,785,297</u>	<u>\$ (288,949)</u>	<u>\$ -</u>	<u>\$ 6,496,348</u>

Depreciation and amortization expense charged to functions is as follows:

**Governmental activities:**

General government	\$ 3,282
Public safety	<u>18,484</u>

Total depreciation - governmental activities \$ 21,766

**Governmental activities:**

General government	\$ 3,202
Public safety	<u>34,600</u>

Total depreciation - governmental activities \$ 37,802

**Business-type activities:**

Utility	<u>\$ 324,904</u>
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Total depreciation - business-type activities \$ 324,904

**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2011**

**NOTE 6. INTERFUND BALANCES AND TRANSFERS**

**Interfund balances – Due to/from other funds**

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. A portion of the amount owed to the Utility Fund from the General fund will not be repaid within one year, however all other balances at March 31, 2011 are expected to be repaid within the next fiscal year.

<u>Fund</u>	<u>Due From</u>	<u>Fund</u>	<u>Due To</u>
Fire	\$ 6,084	General	\$ 6,084
Tax Collection	681	General	681
Development	415	General	415
Utility	21,374	General	21,374
Totals	<u>\$ 28,554</u>		<u>\$ 28,554</u>

**NOTE 7. LEASES**

**Capital leases – Governmental activities**

The Township has entered into a capital lease agreement with Tax Exempt Leasing Corporation for the purchase of a fire truck in the amount of \$341,456 on September 6, 2007. The lease term is seven years, ending February 28, 2014. Annual payments of \$48,414 are due February 28. The respective principal and interest requirements follow:

<u>Year Ended</u> <u>March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 42,315	\$ 6,099	\$ 48,414
2013	44,258	4,156	48,414
2014	46,289	2,125	48,414
	<u>\$ 132,862</u>	<u>\$ 12,380</u>	<u>\$ 145,242</u>

**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2011**

**NOTE 8. LONG TERM DEBT**

The Township is obligated by 1995 special assessment revenue bonds, originally issued for \$3,094,000 at an interest rate of 5.125%, maturing April 2035. At March 31, 2010, the Township had an outstanding bond payable of \$1,197,967, which is recorded as a liability in the Utility Fund. Interest expense related to this bond for the year ended March 31, 2011 was \$64,498.

Year Ended March 31,	Interest Rate	Principal Due April 1	Interest Due April 1	Interest Due October 1	Total Due
2012	5.125	46,000	28,726	28,726	103,452
2013	5.125	46,000	27,547	27,547	101,094
2014	5.125	46,000	26,368	26,368	98,736
2015	5.125	46,000	25,369	25,369	96,738
2016	5.125	46,000	24,011	24,011	94,022
2017	5.125	46,000	22,832	22,832	91,664
2018	5.125	46,000	21,653	21,653	89,306
2019	5.125	46,000	20,474	20,474	86,948
2020	5.125	46,000	19,295	19,295	84,590
2021	5.125	47,000	18,091	18,091	83,182
2022	5.125	47,000	16,887	16,887	80,774
2023	5.125	47,000	15,683	15,683	78,366
2024	5.125	47,000	14,478	14,478	75,956
2025	5.125	47,000	13,274	13,274	73,548
2026	5.125	47,000	12,069	12,069	71,138
2027	5.125	47,000	10,865	10,865	68,730
2028	5.125	47,000	9,661	9,661	66,322
2029	5.125	47,000	8,456	8,456	63,912
2030	5.125	46,000	7,252	7,252	60,504
2031	5.125	46,000	6,048	6,048	58,096
2032	5.125	46,000	4,843	4,843	55,686
2033	5.125	47,000	3,639	3,639	54,278
2034	5.125	47,000	2,434	2,434	51,868
2035	5.125	51,967	1,230	1,230	54,427
		<u>\$ 1,120,967</u>	<u>\$ 361,185</u>	<u>\$ 361,185</u>	<u>\$ 1,843,337</u>

**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2011**

**NOTE 8. LONG TERM DEBT (Continued)**

The Township is obligated for a portion of bonds held by YCUA through Washtenaw County for the sewage disposal system. The original amount owed is \$1,302,971 at interest rates between 3.0 and 6.0%, maturing in fiscal year ending 2033. YCUA bills the Township on a monthly basis for total debt service expenses. The interest expense related to this bond for the year ended March 31, 2011 was \$42,818. The principal and interest requirements at March 31, 2010 follow:

<b>Year Ended March 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 28,851	\$ 41,575	\$ 70,426
2013	30,336	40,255	70,591
2014	31,968	38,853	70,821
2015	33,813	37,363	71,176
2016	35,464	35,772	71,236
2017	37,059	34,089	71,148
2018	39,008	32,294	71,302
2019	40,969	30,375	71,344
2020	41,150	30,113	71,263
2021	37,085	26,413	63,498
2022	39,624	24,535	64,159
2023	41,758	22,521	64,279
2024	43,762	20,388	64,150
2025	46,054	18,148	64,202
2026	48,357	15,793	64,150
2027	50,671	13,318	63,989
2028	52,293	10,725	63,018
2029	36,971	8,495	45,466
2030	38,808	6,591	45,399
2031	40,793	4,591	45,384
2032	41,984	2,502	44,486
2033	29,550	713	30,263
	<u>\$ 866,328</u>	<u>\$ 495,422</u>	<u>\$ 1,361,750</u>

**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2011**

**NOTE 8. LONG TERM DEBT (Continued)**

The following is a schedule of the business-type long term obligations for the Township for the year ended March 31, 2011:

	<u>Bonds</u>	<u>YCUA Contract</u>	<u>Capital Leases</u>	<u>Total</u>
Balance April 1, 2010	\$ 1,197,967	\$ 893,343	\$ 177,543	\$ 2,268,853
Additions	-	-	-	-
Deletions	(77,000)	(27,016)	(44,681)	(148,697)
Balance March 31, 2011	1,120,967	866,327	132,862	2,120,156
Less: current portion	46,000	28,851	42,315	117,166
Total due after one year	<u>\$ 1,074,967</u>	<u>\$ 837,476</u>	<u>\$ 90,547</u>	<u>\$ 2,002,990</u>

The debt service requirements of governmental activities at March 31, 2011 are as follows:

<u>Year Ended March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	117,166	76,400	193,566
2013	120,594	71,958	192,552
2014	124,257	67,346	191,603
2015	79,813	62,732	142,545
2016	81,464	59,783	141,247
2016-2020	428,650	379,173	807,823
2021-2025	447,283	268,831	716,114
2026-2030	465,100	151,528	616,628
2031-2035	255,829	105,377	361,206
	<u>\$ 2,120,156</u>	<u>\$ 1,243,128</u>	<u>\$ 3,363,284</u>

**AUGUSTA CHARTER TOWNSHIP  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2011**

**NOTE 9. RISK MANAGEMENT**

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

**NOTE 10. DEFINED CONTRIBUTION PLANS**

The Augusta Township Pension Plan is a defined contribution plan administered by Principal Financial Group under authority of Internal Revenue Code Section 401(a). The Township makes monthly contributions of 15% of full time employees' compensation. Employees must be 18 years of age to participate and are allowed to contribute, however employees did not contribute to this plan. The Township made contributions of \$28,686 for the year ended March 31, 2011.

Augusta Charter Township 457 Prototype Plan is a governmental 457 deferred compensation plan administered by Symetra Financial. Employees, with the exception of part-time employees working 15 hours or less and volunteer firemen, are allowed to participate with no employer match. There were employee contributions of \$6,327 made for the year ended March 31, 2011.

**AUGUSTA CHARTER TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Local sources	\$ 237,279	\$ 267,499	\$ 308,335	\$ 40,836
State sources	301,000	301,000	316,219	15,219
Other	50	97,558	113,023	15,465
Total revenues	<u>538,329</u>	<u>666,057</u>	<u>737,577</u>	<u>71,520</u>
<b>EXPENDITURES:</b>				
<b>General government:</b>				
Board of trustees	236,803	233,799	229,384	4,415
Supervisor	25,820	25,820	25,740	80
Treasurer	64,378	64,378	61,248	3,130
Assessor	55,680	55,680	56,693	(1,013)
Board of review	1,077	1,077	511	566
Clerk	66,833	57,788	57,608	180
Elections	28,834	24,437	22,433	2,004
Township hall	14,800	14,800	27,693	(12,893)
Other	1,000	1,000	664	336
Total general government	<u>495,225</u>	<u>478,779</u>	<u>481,974</u>	<u>(3,195)</u>
<b>Public safety:</b>				
Building inspections	-	-	-	-
Police	1,967	500	1,967	(1,467)
Total public safety	<u>1,967</u>	<u>500</u>	<u>1,967</u>	<u>(1,467)</u>
<b>Public works:</b>				
Drains at large	30,000	24,613	24,613	-
Road improvement	83,000	82,867	85,823	(2,956)
Total public works	<u>113,000</u>	<u>107,480</u>	<u>110,436</u>	<u>(2,956)</u>
<b>Community and economic development:</b>				
Planning and zoning	24,285	13,569	14,315	(746)
Total community and economic development	<u>24,285</u>	<u>13,569</u>	<u>14,315</u>	<u>(746)</u>
Total expenditures	<u>634,477</u>	<u>600,328</u>	<u>608,692</u>	<u>(8,364)</u>
Change in fund balance	(96,148)	65,729	128,885	62,490
Total fund balances - beginning of year			<u>70,627</u>	
Total fund balances - end of year			<u><u>\$ 199,512</u></u>	



**AUGUSTA CHARTER TOWNSHIP  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
MARCH 31, 2011**

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Funds 2011</b>	<b>Total Nonmajor Governmental 2010</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 620,359	\$ 36,187	\$ 656,546	\$ 616,639
Investments	-	-	-	-
Taxes receivable	-	-	-	-
Accounts receivable	435	-	435	5,888
Due from other funds	-	-	-	283
Due from fiduciary funds	-	-	-	-
Due from other governmental units	32,549	-	32,549	34,923
Inventory	-	-	-	-
Prepaid expenditures	4,500	-	4,500	2,500
	<u>4,500</u>	<u>-</u>	<u>4,500</u>	<u>2,500</u>
Total assets	<u>\$ 657,843</u>	<u>\$ 36,187</u>	<u>\$ 694,030</u>	<u>\$ 660,233</u>
<b>Liabilities &amp; Fund Balances:</b>				
Liabilities:				
Accounts payable	\$ 4,495	\$ -	\$ 4,495	\$ 3,524
Salaries payable	8,438	-	8,438	-
Contract payable	-	-	-	527
Accrued expenditures	-	-	-	3,099
Due to other funds	6,084	-	6,084	3,077
Unearned revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>19,017</u>	<u>-</u>	<u>19,017</u>	<u>10,227</u>
<b>Fund Balances:</b>				
Reserved for:				
Fire department	371,467	36,187	407,654	382,647
	-	-	-	-
Unreserved, reported in:				
Special revenue funds	267,359	-	267,359	267,359
	<u>267,359</u>	<u>-</u>	<u>267,359</u>	<u>267,359</u>
Total fund balances	<u>638,826</u>	<u>36,187</u>	<u>675,013</u>	<u>650,006</u>
Total liabilities & fund balances	<u>\$ 657,843</u>	<u>\$ 36,187</u>	<u>\$ 694,030</u>	<u>\$ 660,233</u>

See notes to financial statements.

**AUGUSTA CHARTER TOWNSHIP  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNEMENTAL FUND TYPES  
MARCH 31, 2011**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>	
			<u>2011</u>	<u>2010</u>
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 418,112	\$ -	\$ 418,112	\$ 412,724
Investment earnings	493	90	583	133
Charges for services	1,877	-	1,877	10,573
Donations	-	-	-	500
Other	3,738	-	3,738	1,206
Total local sources	424,220	90	424,310	425,136
State sources	-	-	-	2,000
Federal sources	-	-	-	-
Total revenues	424,220	90	424,310	427,136
<b>Expenditures:</b>				
<b>Current:</b>				
Salaries and wages	162,404	-	162,404	156,606
Fringe benefits	25,040	-	25,040	22,428
Supplies and other	38,857	-	38,857	51,406
Repairs and maintenance	50,804	-	50,804	62,367
Contracted services	21,918	-	21,918	12,272
Dues and mileage	1,397	-	1,397	2,052
Communications	19,353	-	19,353	17,985
Utilities	11,831	-	11,831	10,363
Interest	7,963	-	7,963	9,768
Other	7,178	-	7,178	6,157
Overhead expenses	15,850	-	15,850	15,506
Total expenditures	362,595	-	362,595	366,910
Excess (deficiency) of revenues over (under) expenditures	61,625	90	61,715	60,226
Other financing sources (uses):				
Sale of Assets	3,750	-	3,750	-
Redemption of principal	(40,458)	-	(40,458)	(38,683)
Total other financing sources (uses)	(36,708)	-	(36,708)	(38,683)
Change in fund balances	24,917	90	25,007	21,543
<b>Fund balances:</b>				
Beginning of year	613,909	36,097	650,006	628,463
End of year	<u>\$ 638,826</u>	<u>\$ 36,187</u>	<u>\$ 675,013</u>	<u>\$ 650,006</u>

See notes to financial statements.

**AUGUSTA CHARTER TOWNSHIP  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
MARCH 31, 2011**

	<u>Fire Fund</u>	<u>Environmental Fund</u>	<u>Totals</u>	
			<u>2011</u>	<u>2010</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 353,000	\$ 267,359	\$ 620,359	\$ 580,542
Investments	-	-	-	-
Taxes receivable	-	-	-	-
Accounts receivable	435	-	435	5,888
Due from other funds	-	-	-	283
Due from fiduciary funds	-	-	-	-
Due from other governmental units	32,549	-	32,549	34,923
Inventory	-	-	-	-
Prepaid expenditures	4,500	-	4,500	2,500
	<u>\$ 390,484</u>	<u>\$ 267,359</u>	<u>\$ 657,843</u>	<u>\$ 624,136</u>
<b>Liabilities &amp; Fund Balances:</b>				
Liabilities:				
Accounts payable	\$ 4,495	\$ -	\$ 4,495	\$ 3,524
Due to other funds	6,084	-	6,084	3,077
Salaries payable	8,438	-	8,438	-
Contract payable	-	-	-	527
Accrued expenditures	-	-	-	3,099
Unearned revenue	-	-	-	-
	<u>19,017</u>	<u>-</u>	<u>19,017</u>	<u>10,227</u>
<b>Fund Balances:</b>				
Reserved for:				
Fire department	371,467	-	371,467	346,550
Unreserved, undesignated	-	267,359	267,359	267,359
	<u>371,467</u>	<u>267,359</u>	<u>638,826</u>	<u>613,909</u>
<b>Total fund balances</b>	<u>371,467</u>	<u>267,359</u>	<u>638,826</u>	<u>613,909</u>
<b>Total liabilities &amp; fund balances</b>	<u>\$ 390,484</u>	<u>\$ 267,359</u>	<u>\$ 657,843</u>	<u>\$ 624,136</u>

**AUGUSTA CHARTER TOWNSHIP  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
MARCH 31, 2011**

	Fire Fund	Environmental Fund	Totals	
			2011	2010
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 418,112	\$ -	\$ 418,112	\$ 412,724
Investment earnings	493	-	493	-
Charges for services	1,877	-	1,877	10,573
Donations	-	-	-	-
Other	3,738	-	3,738	1,206
Total local sources	424,220	-	424,220	424,503
State sources	-	-	-	2,000
Federal sources	-	-	-	-
Total revenues	424,220	-	424,220	426,503
<b>Expenditures:</b>				
Salaries and wages	162,404	-	162,404	156,606
Fringe benefits	25,040	-	25,040	22,428
Supplies and other	38,857	-	38,857	51,406
Repairs and maintenance	50,804	-	50,804	62,367
Contracted services	21,918	-	21,918	12,272
Dues and mileage	1,397	-	1,397	2,052
Communications	19,353	-	19,353	17,985
Utilities	11,831	-	11,831	10,363
Interest	7,963	-	7,963	9,768
Other	7,178	-	7,178	6,157
Overhead expenses	15,850	-	15,850	15,506
Capital outlay	-	-	-	-
Total expenditures	362,595	-	362,595	366,910
Excess (deficiency) of revenues over (under) expenditures	61,625	-	61,625	59,593
Other financing sources:				
Sale of asset	3,750	-	3,750	-
Redemption of principal	(40,458)	-	(40,458)	(38,683)
Total other financing sources	(36,708)	-	(36,708)	(38,683)
Change in fund balances	24,917	-	24,917	20,910
<b>Fund balances:</b>				
Beginning of year	346,550	267,359	613,909	592,999
End of year	<u>\$ 371,467</u>	<u>\$ 267,359</u>	<u>\$ 638,826</u>	<u>\$ 613,909</u>

See notes to financial statements.

**AUGUSTA CHARTER TOWNSHIP  
 COMBINING BALANCE SHEET  
 AGENCY FUNDS  
 MARCH 31, 2011  
 WITH COMPARATIVE TOTALS FOR MARCH 31, 2010**

	<u>Trust &amp; Agency</u>	<u>Tax Collection</u>	<u>Totals</u>	
			<u>2011</u>	<u>2010</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 236	\$ 5,446	\$ 5,682	\$ 129,663
Investments	32,443	-	32,443	39,854
Due from other funds	-	-	-	15,837
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 32,679</u>	<u>\$ 5,446</u>	<u>\$ 38,125</u>	<u>\$ 185,354</u>
<b>LIABILITIES:</b>				
Due to other funds	\$ 236	\$ 681	\$ 917	\$ 102,208
Due to other taxing units	32,443	4,765	37,208	83,146
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 32,679</u>	<u>\$ 5,446</u>	<u>\$ 38,125</u>	<u>\$ 185,354</u>

**AUGUSTA CHARTER TOWNSHIP  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
TAX COLLECTION FUND  
MARCH 31, 2011**

	<u>Balance April 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2011</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 44,012	\$ 6,754,940	\$ 6,793,506	\$ 5,446
Total assets	<u>\$ 44,012</u>	<u>\$ 6,754,940</u>	<u>\$ 6,793,506</u>	<u>\$ 5,446</u>
<b>LIABILITIES:</b>				
Due to other funds	\$ 4,201	\$ 818,063	\$ 821,583	\$ 681
Due to other taxing units	<u>39,811</u>	<u>5,936,877</u>	<u>5,971,923</u>	<u>4,765</u>
Total liabilities	<u>\$ 44,012</u>	<u>\$ 6,754,940</u>	<u>\$ 6,793,506</u>	<u>\$ 5,446</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT**

Board of Trustees  
Augusta Charter Township  
Washtenaw County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Augusta Charter Township, Washtenaw County, Michigan as of and for the year ended March 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered Augusta Charter Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Augusta Charter Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Augusta Charter Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We considered the deficiencies as discussed in 2011-1, 2011-2 and 2011-3 in Augusta Charter Township's internal control to be significant deficiencies.

This communication is intended solely for the information and use of management, the Board of Trustees, and others within the organization, and is not intended to be and should not be used by anyone other than those specified parties.

Robertson, Eaton & Owen, P.C.

Adrian, Michigan

September 20, 2011

**AUGUSTA CHARTER TOWNSHIP**  
**SCHEDULE OF FINDINGS AND RESPONSES**

**MARCH 31, 2011**

Finding 2011-1

Criteria:

The Michigan Department of Treasury Bureau of Local Government Services PA 621 Uniform Budget Manual requires that a budget be adopted for the General and Special Revenue funds of the Township before the end of the current fiscal year, and that a resolution be approved by the Board of Trustees that includes the following:

1. Prior year audited amount
2. Estimate of the current years amount
3. Estimate of the next year amount

Condition:

The Charter Township does not follow the required format for budgeting, and as of March 31, 2011 there was no formal complete budget provided prior to adoption, only indication of total revenues and total expenditures, which is not allowed under the requirement of a PA 621.

Cause:

The Charter Township does not have a Board of Governance that provides the required budget and resolution information in a timely and appropriate format for decisions to be made.

Effect:

At the adoption meeting, material amendments were proposed and adopted to change the budgets, without providing final adopted budget and resolution reports. Thus all budget departments did not have information available prior to appropriating funds at April 1, 2011.

Recommendation:

The Charter Township should adopt and follow the best practices for budget as outlined in August 1, 2001 edition of the Michigan Department of Treasury Uniform Budget Manual. Sections the Charter Township should adopt are included on pages 8-22 which include:

- a. Recommendation for compliance
- b. Suggested procedures and timetable
- c. Sample recommended budget and
- d. General appropriations act and budget

Response:

The Audit Committee agrees with this finding and recommendation and will encourage the Supervisor, acting as the budget officer to implement.



**AUGUSTA CHARTER TOWNSHIP**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**MARCH 31, 2011**

Finding 2011-2

Finding considered a significant deficiency

Criteria:

Statement on Auditing Standards No. 115 titled *Communicating Internal Control Related Matters Identified in an Audit* requires us to communicate in writing to management and those charged with governance, significant deficiencies and material weaknesses identified in an audit.

Condition:

Currently there are no segregation of conflicting duties of initiating transactions and the recording of those transactions.

Cause:

The Township has a limited number of personnel.

Effect:

There is a greater risk of material misstatement of the financial statements.

Recommendation:

The Township should evaluate its internal control structure and develop any needed controls.

Client Response:

We are aware of this deficiency.

**AUGUSTA CHARTER TOWNSHIP**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**MARCH 31, 2011**

Finding 2011-3

Finding considered a significant deficiency

Criteria:

Statement on Auditing Standards No. 115 titled *Communicating Internal Control Related Matters Identified in an Audit* requires us to communicate, in writing, to management and those charged with governance, significant deficiencies and material weaknesses identified in an audit.

Condition:

The Township lacks an adequate design of internal control over the preparation of the financial statements and footnotes being audited.

Cause:

The Township does not have staff with the level of expertise necessary to prepare financial statements and footnotes in accordance with the GASB.

Effect:

The Township's design of control does not allow management to prevent or detect and correct misstatements on a timely basis.

Recommendation:

Consider whether this is a risk that the Township is willing to accept.

Client Response:

We are aware of this deficiency and believe it is not cost beneficial to develop this expertise.