

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2012

**WITH
INDEPENDENT AUDITORS' REPORT**

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT
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AUGUSTA CHARTER TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended March 31, 2012

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, 2012. We encourage readers to consider the information presented here.

Financial Highlights

- The Township experienced a decline in taxable value of two (2) percent from the previous year. The Township is anticipated to experience a decline in growth of taxable values of three (3) to five (5) percent next year.
- State Shared Revenues increased eighty (80) percent for the year ending March 31, 2012. The actual 2010 Census population count of 6,745, up from the 2000 Census of 4,813 a 40% increase has impacted State Revenue Sharing by 68%.
- Overall new zoning and planning applications increased by twelve (12) percent. Applications for new single family homes increased from two (2) to four (4) from the prior year ending March 31, 2011.
- Single family home applications were four (4), two (2), two (2), nine (9) and thirty-six (36) for years ending March 31, 2012, 2011, 2010 and 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 2012 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, 2012. 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, 2012. 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 is 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 - 32 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 \$7,658,291 at the close of the year ended March 31, 2012.

By far the largest portion of the Township's net assets (58 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.

Augusta Charter Township's Net Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current and other assets	\$ 1,230,408	\$ 2,064,181	\$ 3,294,589
Capital assets	<u>299,409</u>	<u>6,176,583</u>	<u>6,475,992</u>
Total assets	<u>\$ 1,529,817</u>	<u>\$ 8,240,764</u>	<u>\$ 9,770,581</u>
Long term liabilities outstanding	\$ 46,289	\$ 1,839,141	1,885,430
Other liabilities	<u>91,237</u>	<u>135,623</u>	<u>226,860</u>
Total liabilities	<u>137,526</u>	<u>1,974,764</u>	<u>2,112,290</u>
Net assets:			
Invested in capital assets, net of related debt	208,861	4,262,106	4,470,967
Restricted	673,136	979,701	1,652,837
Unrestricted	<u>510,294</u>	<u>1,024,193</u>	<u>1,534,487</u>
Total net assets	<u>\$ 1,392,291</u>	<u>\$ 6,266,000</u>	<u>\$ 7,658,291</u>

An additional portion of the Township's net assets (21.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$1,534,487 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

	Governmental Activities	Business-type Activities	Total
Program revenues:			
Charges for services:			
General government	\$ -	\$ -	\$ -
Public safety	5	-	5
Utility	-	1,148,036	1,148,036
Operating grants:			
Public safety	4,999	-	4,999
Capital grants:			
Utility	-	132,350	132,350
Total program revenues	5,004	1,280,386	1,285,390
General revenues:			
Property taxes	573,878	-	573,878
Investment earnings	602	5,041	5,643
Franchise fees	38,955	-	38,955
State revenue sharing	569,104	-	569,104
Other	93,675	22,448	116,123
Total general revenues	1,276,214	27,489	1,303,703
Total revenues	1,281,218	1,307,875	2,589,093
Expenses:			
General government	390,155	-	390,155
Public safety	423,384	-	423,384
Public works	131,645	-	131,645
Community and economic development	15,040	-	15,040
Utility	-	1,449,173	1,449,173
Total expenses	960,224	1,449,173	2,409,397
Change in net assets	320,994	(141,298)	179,696
Net assets, beginning of year	1,071,297	6,407,298	7,478,595
Net assets, end of year	\$ 1,392,291	\$ 6,266,000	\$ 7,658,291

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, 2012, the Township's governmental funds reported combined ending fund balances of \$1,183,428. Special Revenue Funds have \$673,136 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 \$510,292. 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 \$310,780 during the year ended March 31, 2012.

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 \$1,024,193 as shown on Page 10 of the report. The total decrease in net assets for the fund was \$141,298 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 \$1,077,000, 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, 2012, amounts to \$6,475,992 (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, 2012 were:

- Fire vehicle, \$12,111, reported in governmental activities.
- Computer software, \$13,730, reported in governmental activities.
- Water meters, \$2,875, reported in 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	88,065	-	88,065
Vehicles	15,000	-	15,000
Fire vehicles and equipment	1,589,747	-	1,589,747
Water system and equipment	-	9,306,093	9,306,093
Sewer system and equipment	-	2,600,458	2,600,458
Bond issuance costs	-	50,064	50,064
	<u>\$ 1,817,259</u>	<u>\$ 11,956,615</u>	<u>\$ 13,773,874</u>

Additional information on the Township's capital assets can be found in Note 5 on pages 26 and 27.

Long-term debt. At the year ended March 31, 2012, the Township had total bonded and contract debt outstanding of \$1,914,476. Of this amount, \$837,476 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	\$ -	\$ 837,476	\$ 837,476
Revenue bonds	-	1,077,000	1,077,000
Total	<u>\$ -</u>	<u>\$ 1,914,476</u>	<u>\$ 1,914,476</u>

Additional information on the Township's long-term debt can be found in Note 8 on pages 29 – 31 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, 2012

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, 2012, 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, 2012, 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 33 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, 2012

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, 2012
WITH COMPARATIVE TOTALS FOR MARCH 31, 2011**

	Governmental Activities	Business-Type Activities	Total 2012	2011
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 1,375,155	\$ 224,005	\$ 1,599,160	\$ 1,413,122
Taxes receivable	-	-	-	-
Accounts receivable	-	378,117	378,117	351,141
Special assessment receivable	-	-	-	-
Contract receivable	(12,001)	12,001	-	-
Interfund activity	20,027	(20,027)	-	-
Due from fiduciary funds	15,431	74,115	89,546	1,095
Due from other governmental units	135,838	57,383	193,221	137,136
Prepaid expenses	8,210	11,745	19,955	15,745
Inventory	-	34,889	34,889	37,764
YCUA deposits	-	-	-	-
Restricted assets available for current liabilities:				
Bond interest and redemption account - cash	-	75,336	75,336	32,773
Bond interest and redemption account - investment	-	-	-	109,089
Total Current Assets	1,542,660	847,564	2,390,224	2,097,865
Noncurrent assets:				
Contract receivable general fund	(312,252)	312,252	-	-
Restricted Investments:				
Bond interest and redemption account - cash	-	299,890	299,890	-
Bond interest and redemption account - investment	-	604,475	604,475	794,121
	-	904,365	904,365	794,121
Capital assets:				
Capital Assets (See Note 5)	299,409	6,176,583	6,475,992	6,825,980
Total Noncurrent Assets	(12,843)	7,393,200	7,380,357	7,620,101
Total assets	\$ 1,529,817	\$ 8,240,764	\$ 9,770,581	\$ 9,717,966

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

AUGUSTA CHARTER TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2012
WITH COMPARATIVE TOTALS FOR MARCH 31, 2011

	Governmental Activities	Business-Type Activities	Total 2012	2011
LIABILITIES:				
Current Liabilities:				
Accounts payable	\$ 39,410	\$ 60,287	\$ 99,697	\$ 100,876
Due to other governmental units	-	-	-	-
Due to Fiduciary Funds	75	-	75	-
Salaries payable	7,057	-	7,057	8,438
Accrued expenses	-	-	-	-
Deferred revenue	437	-	437	9,901
Current portion of contract payable	44,258	30,336	74,594	72,651
Current portion of long term obligations	-	45,000	45,000	46,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	91,237	135,623	226,860	237,866
	<hr/>	<hr/>	<hr/>	<hr/>
Noncurrent liabilities:				
Noncurrent portion of contract payable	46,289	807,141	853,430	926,539
Noncurrent portion of long term obligations	-	1,032,000	1,032,000	1,074,966
	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	46,289	1,839,141	1,885,430	2,001,505
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	137,526	1,974,764	2,112,290	2,239,371
	<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS:				
Invested in capital assets, net of related debt	208,861	4,262,106	4,470,967	4,705,825
Restricted for:				
Fire department	369,346	-	369,346	371,467
Environmental Fund	267,538	-	267,538	267,359
Capital Projects	36,252	-	36,252	36,187
Debt Service	-	979,701	979,701	76,336
Unrestricted	510,294	1,024,193	1,534,487	2,021,421
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	<u>\$ 1,392,291</u>	<u>\$ 6,266,000</u>	<u>\$ 7,658,291</u>	<u>\$ 7,478,595</u>

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, 2012
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2011**

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total 2012	Total 2011
Governmental activities:								
General government	\$ 390,155	\$ -	\$ -	\$ -	\$ (390,155)	\$ -	\$ (390,155)	\$ (474,409)
Public safety	423,384	5	4,999	-	(418,380)	-	(418,380)	(419,425)
Public works	131,645	-	-	-	(131,645)	-	(131,645)	(110,173)
Community and economic development	15,040	-	-	-	(15,040)	-	(15,040)	(14,315)
Total governmental activities	960,224	5	4,999	-	(955,220)	-	(955,220)	(1,018,322)
Business-type activities:								
Water								
Utility	1,449,173	1,148,036	-	132,350	-	(168,787)	(168,787)	(116,252)
Total business-type activities	1,449,173	1,148,036	-	132,350	-	(168,787)	(168,787)	(116,252)
Total government	<u>\$ 2,409,397</u>	<u>\$ 1,148,041</u>	<u>\$ 4,999</u>	<u>\$ 132,350</u>	<u>\$ (955,220)</u>	<u>\$ (168,787)</u>	<u>\$ (1,124,007)</u>	<u>\$ (1,134,574)</u>
General revenues:								
Property taxes					\$ 573,878	\$ -	\$ 573,878	\$ 675,746
Investment earnings					602	5,041	5,643	583
Franchise fees					38,955	-	38,955	36,389
State revenue sharing					569,104	-	569,104	316,219
Other					93,675	22,448	116,123	164,591
Gain on disposal of capital asset					-	-	-	3,750
Total general revenues					1,276,214	27,489	1,303,703	1,197,278
Change in net assets					320,994	(141,298)	179,696	62,704
Total net assets - beginning of year					1,071,297	6,407,298	7,478,595	7,415,891
Total net assets - end of year					<u>\$ 1,392,291</u>	<u>\$ 6,266,000</u>	<u>\$ 7,658,291</u>	<u>\$ 7,478,595</u>

**AUGUSTA CHARTER TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2012
WITH COMPARATIVE TOTALS FOR MARCH 31, 2011**

	General	Other Nonmajor Governmental Funds	Total Governmental Funds 2012	Total Governmental Funds 2011
ASSETS:				
Cash and cash equivalents	\$ 724,584	\$ 650,571	\$ 1,375,155	\$ 1,119,271
Taxes receivable	-	-	-	-
Accounts receivable	-	-	-	435
Due from other governmental funds	6,824	-	6,824	6,084
Due from fiduciary funds	10,162	5,269	15,431	1,095
Due from proprietary funds	20,027	-	20,027	-
Due from other governmental units	104,096	31,742	135,838	110,411
Prepaid expenditures	3,743	4,467	8,210	4,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 869,436</u>	<u>\$ 692,049</u>	<u>\$ 1,561,485</u>	<u>\$ 1,241,796</u>
LIABILITIES:				
Accounts payable	\$ 34,378	\$ 5,032	\$ 39,410	\$ 30,833
Due to other funds	-	6,824	6,824	6,084
Due to proprietary funds	-	-	-	-
Due to other governmental units	-	-	-	-
Due to Fiduciary Funds	75	-	75	-
Salaries payable	-	7,057	7,057	8,438
Contract payable	324,254	-	324,254	312,015
Accrued expenditures	-	-	-	-
Deferred revenue	437	-	437	9,901
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>359,144</u>	<u>18,913</u>	<u>378,057</u>	<u>367,271</u>
FUND BALANCES:				
Reserved for:				
Taxes receivable	-	-	-	-
Unreserved, designated for:				
Fire building	-	-	-	-
Unreserved, undesignated in:				
General fund	510,292	-	510,292	199,512
Fire fund	-	673,136	673,136	675,013
Environmental fund	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>510,292</u>	<u>673,136</u>	<u>1,183,428</u>	<u>874,525</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities & fund balance	<u>\$ 869,436</u>	<u>\$ 692,049</u>	<u>\$ 1,561,485</u>	<u>\$ 1,241,796</u>

**AUGUSTA CHARTER TOWNSHIP
RECONCILIATIONS OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
MARCH 31, 2012
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2011**

	<u>2012</u>	<u>2011</u>
Total governmental fund balances	\$ 1,183,428	\$ 874,525
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	1,475,803	1,449,962
The accumulated depreciation is	(1,364,195)	(1,342,275)
Leased property under capital leases is	341,456	341,456
The accumulated amortization is	(153,654)	(119,509)
Contract payable not included in the Governmental Funds	(90,547)	(132,862)
Payment on contract not expense in Governmental Funds	<u>-</u>	<u>-</u>
Total net assets of governmental activities	<u>\$ 1,392,291</u>	<u>\$ 1,071,297</u>

AUGUSTA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
MARCH 31, 2012
WITH COMPARATIVE TOTALS FOR MARCH 31, 2011

	General	Other Nonmajor Governmental Funds	Total Governmental Funds 2012	2011
REVENUES:				
Local sources:				
Property taxes	\$ 173,355	\$ 400,523	\$ 573,878	\$ 675,746
Franchise fees	38,955	-	38,955	36,389
Investment earnings	-	602	602	583
Charges for services	-	5	5	16,189
Donations	-	4,999	4,999	-
Other	92,263	1,412	93,675	116,761
Total local sources	304,573	407,541	712,114	845,668
State sources	569,104	-	569,104	316,219
Federal sources	-	-	-	-
Total revenues	873,677	407,541	1,281,218	1,161,887
EXPENDITURES:				
Current:				
General government	385,982	-	385,982	482,237
Public safety	16,500	354,992	371,492	364,562
Public works	131,645	-	131,645	110,173
Community & economic development	15,040	-	15,040	14,315
Capital outlay	13,730	12,111	25,841	-
Total expenditures	562,897	367,103	930,000	971,287
Excess (deficiency) of revenues over (under) expenditures	310,780	40,438	351,218	190,600
Other financing sources (uses):				
Sale of Asset	-	-	-	3,750
Redemption of principal	-	(42,315)	(42,315)	(40,458)
Total other financing sources	-	(42,315)	(42,315)	(36,708)
Change in fund balances	310,780	(1,877)	308,903	153,892
Total fund balances - beginning of year	199,512	675,013	874,525	720,633
Total fund balances - end of year	\$ 510,292	\$ 673,136	\$ 1,183,428	\$ 874,525

**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, 2012
WITH COMPARATIVE TOTALS FOR MARCH 31, 2011**

	<u>2012</u>	<u>2011</u>
Change in fund balances total governmental funds	\$ 308,903	\$ 153,892
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	(21,920)	(21,766)
Amortization expense on leased property	(34,146)	(37,802)
Capital outlay	25,842	-
Principal paid on debt	42,315	40,458
Disposal of leased equipment	<u>-</u>	<u>(3,656)</u>
Change in net assets of governmental activities	<u><u>\$ 320,994</u></u>	<u><u>\$ 131,126</u></u>

AUGUSTA CHARTER TOWNSHIP
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
MARCH 31, 2012
WITH COMPARATIVE TOTALS FOR MARCH 31, 2011

			Totals	
ASSETS:	Wastewater	Water	2012	2011
Current assets:				
Cash and cash equivalents	\$ 25,041	\$ 198,964	\$ 224,005	\$ 293,851
Receivables net of allowances for uncollectible accounts	139,147	238,970	378,117	350,706
Current portion of special assessment receivable	-	41,648	41,648	65,800
Current portion of contract receivable	-	12,001	12,001	13,320
Due from fiduciary funds	-	74,115	74,115	-
Due from other governmental units	-	57,383	57,383	26,725
Inventory	-	34,889	34,889	37,764
Prepaid expense	-	11,745	11,745	11,245
Restricted assets available for current liabilities:				
Bond interest and redemption account - cash	30,336	45,000	75,336	32,773
Bond interest and redemption account - investment	-	-	-	109,089
Total current assets	194,524	714,715	909,239	941,273
Noncurrent assets:				
Contract receivable	-	312,252	312,252	298,694
Special assessment receivable	-	916,252	916,252	952,596
Land	-	-	-	-
Water system	-	9,356,157	9,356,157	9,353,282
Sewer system	2,600,458	-	2,600,458	2,600,458
Less: accumulated depreciation	(1,477,549)	(4,302,483)	(5,780,032)	(5,457,393)
Total noncurrent assets	1,122,909	6,282,178	7,405,087	7,747,637
Restricted investments:				
Bond interest and redemption account - cash	-	299,890	299,890	-
Bond interest and redemption account - investment	-	604,475	604,475	794,121
	-	904,365	904,365	794,121
Total assets	\$ 1,317,433	\$ 7,901,258	\$ 9,218,691	\$ 9,483,031
LIABILITIES:				
Current Liabilities:				
Accounts payable	\$ 23,672	\$ 36,615	\$ 60,287	\$ 70,043
Interest payable	-	-	-	-
Salaries payable	-	-	-	-
Accrued liabilities	-	-	-	-
Due to other funds	20,027	-	20,027	-
Current portion of deferred special assessment receivable	-	41,648	41,648	65,800
Current portion of YCUA contract	30,336	-	30,336	30,336
Current portion of bond payable	-	45,000	45,000	46,000
Total current liabilities	74,035	123,263	197,298	212,179
Noncurrent liabilities:				
Deferred special assessment revenue	-	916,252	916,252	952,596
Noncurrent portion of YCUA contract	807,141	-	807,141	835,992
Noncurrent portion of bond payable	-	1,032,000	1,032,000	1,074,966
Total noncurrent liabilities	807,141	1,948,252	2,755,393	2,863,554
Total liabilities	881,176	2,071,515	2,952,691	3,075,733
NET ASSETS:				
Invested in capital assets, net of related debt	285,432	3,976,674	4,262,106	5,630,019
Restricted for debt service	30,336	949,365	979,701	76,336
Unrestricted	120,489	903,704	1,024,193	700,943
Total net assets	\$ 436,257	\$ 5,829,743	\$ 6,266,000	\$ 6,407,298

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

AUGUSTA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN NET ASSETS
PROPRIETARY FUNDS
MARCH 31, 2012
WITH COMPARATIVE TOTALS FOR MARCH 31, 2011

	Wastewater	Water	2012	Total 2011
Operating revenue:				
Water and sewer usage	\$ 399,685	\$ 731,263	\$ 1,130,948	\$ 1,117,499
Charges for services	22	17,066	17,088	26,274
Other	6,734	15,714	22,448	5,205
Total operating revenues	406,441	764,043	1,170,484	1,148,978
Operating expenses:				
Plant operation	207,218	378,606	585,824	569,226
Administrative and overhead	169,876	162,910	332,786	366,324
Contracted services	67,360	41,538	108,898	72,484
Depreciation and amortization	75,867	246,773	322,640	324,906
Total operating expenses	520,321	829,827	1,350,148	1,332,940
Operating loss	(113,880)	(65,784)	(179,664)	(183,962)
Nonoperating revenues (expenses):				
Other adjustments	-	-	-	42,625
Connection fees	-	7,250	7,250	5,915
Special assessment revenue	-	48,993	48,993	63,862
Interest on assessments	-	76,107	76,107	84,750
Investment earnings	1,107	3,934	5,041	-
Interest expense	(41,574)	(57,451)	(99,025)	(81,612)
Total nonoperating revenues (expenses)	(40,467)	78,833	38,366	115,540
Change in net assets	(154,347)	13,049	(141,298)	(68,422)
Total net assets - beginning of year	590,604	5,816,694	6,407,298	6,475,720
Total net assets - end of year	\$ 436,257	\$ 5,829,743	\$ 6,266,000	\$ 6,407,298

**AUGUSTA CHARTER TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
MARCH 31, 2012
WITH COMPARATIVE TOTALS FOR MARCH 31, 2011**

	2012	2011
Cash flows from operating activities:		
Cash received from customers	\$ 1,070,566	\$ 1,225,761
Cash paid to suppliers and employees	(1,008,762)	(940,215)
Net cash provided by (used in) operating activities	<u>61,804</u>	<u>285,546</u>
Cash flows from noncapital financing activities:		
Decrease in debt for additional sewer capacity	(28,851)	(27,016)
Cash received for connection fees	<u>7,250</u>	<u>5,915</u>
Net cash provided by (used in) noncapital financing activities	<u>(21,601)</u>	<u>(21,101)</u>
Cash flows from capital and related financing activities:		
Special assessment revenue	48,993	63,862
Special assessment interest	76,107	74,182
Purchase of capital assets	(2,875)	(35,955)
Repayment of principal	(43,966)	(77,001)
Interest payments	<u>(99,025)</u>	<u>(81,612)</u>
Net cash provided by (used in) capital and related financing activities	<u>(20,766)</u>	<u>(56,524)</u>
Cash flows from investing activities:		
Transfer (to) from investments	246,974	(20,572)
Transfer from restricted investments	(298,735)	(32,298)
Interest income	<u>5,041</u>	<u>10,568</u>
Net cash provided by (used in) investing activities	<u>(46,720)</u>	<u>(42,302)</u>
Net increase (decrease) in cash and cash equivalents	(27,283)	165,619
Cash and cash equivalents at beginning of year	<u>326,624</u>	<u>161,005</u>
Cash and cash equivalents at end of year	<u><u>\$ 299,341</u></u>	<u><u>\$ 326,624</u></u>

**AUGUSTA CHARTER TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
RECONCILIATION OF NET OPERATING LOSS TO NET CASH
PROVIDED FROM OPERATING ACTIVITIES
MARCH 31, 2012
WITH COMPARATIVE TOTALS FOR MARCH 31, 2011**

	<u>2012</u>	<u>2011</u>
Net operating loss	\$ (141,298)	\$ (68,422)
Adjustments to reconcile net operating loss to net cash provided by operating activities		
Depreciation expense	322,640	324,906
(Increase) decrease in:		
Accounts receivable	(27,411)	(115,447)
Due from other funds	-	26,124
Due from fiduciary funds	(74,115)	98,007
Due from other governments	(30,658)	13,222
Inventory	2,875	2,000
Prepaid Expense	(500)	-
Increase (decrease) in:		
Accounts payable and other liabilities	(9,756)	5,156
Due to other funds	20,027	-
	<u>203,102</u>	<u>353,968</u>
Total adjustments		
	<u>203,102</u>	<u>353,968</u>
Net cash provided from operating activities	<u>\$ 61,804</u>	<u>\$ 285,546</u>

**AUGUSTA CHARTER TOWNSHIP
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
MARCH 31, 2012
WITH COMPARATIVE TOTALS FOR MARCH 31, 2011**

	Totals	
	2012	2011
ASSETS:		
Cash and cash equivalents	\$ 19,409	\$ 5,682
Investments	7,719	32,443
Due from governmental units	<u>71,793</u>	<u>-</u>
Total assets	<u>\$ 98,921</u>	<u>\$ 38,125</u>
LIABILITIES:		
Due to other funds	\$ 89,827	\$ 917
Due to other taxing units	<u>9,094</u>	<u>37,208</u>
Total liabilities	<u>\$ 98,921</u>	<u>\$ 38,125</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

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.

Governmental Funds – Governmental funds are those funds through which most Charter Township functions typically are financed. The acquisition, use, and balances of the Charter Township's expendable financial resources and the related current liabilities are accounted for through governmental funds. Effective April 1, 2011, the Charter Township has implemented their Fund Balance Policy in Accordance with GASB Statement No. 54 as follows:

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

B. Government-Wide And Fund Financial Statements (Continued)

Purpose. The following has been adopted by the Board of Trustees in order to address the implications of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*. The policy is created in consideration of unanticipated events that could adversely affect the financial condition of the Charter Township and jeopardize the continuation of necessary public services. This policy will ensure that the Charter Township maintains adequate fund balance and reserves in order to:

- a. Provide sufficient cash flow for daily financial needs,
- b. Secure and maintain investment grade bond ratings,
- c. Offset significant economic downturns or revenue shortfalls, and
- d. Provide funds for unforeseen expenditures related to emergencies.

This policy and the procedures promulgated under it supersede all previous regulations regarding the Township's fund balances and reserve policies.

Fund type definitions. The following definitions will be used in reporting activity in governmental funds across the Charter Township. The Charter Township may not report all fund types in any given reporting period, based on actual circumstances and activity.

The general fund is used to account for all financial resources not accounted for and reported in another fund.

Special revenue funds are used to account for and report the proceeds of *specific revenue sources* that are *restricted or committed* to expenditure for *specific purposes* other than debt service or capital projects.

Capital projects funds are used to account for all financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets.

Permanent funds are used to account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support the Charter Township's purposes.

Fund balance reporting in governmental funds. Fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB Statement No. 54:

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

B. Government-Wide And Fund Financial Statements (Continued)

Nonspendable fund balance

Definition – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained in-tact.

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

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

Restricted fund balance

Definition – includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers; or through enabling legislation.

Committed fund balance

Definition – includes amounts that can be used only for the specific purposes determined by a formal action of the Charter Township's highest level of decision-making authority (i.e., the Board of Trustees).

Authority to Commit – Commitments will only be used for specific purposes pursuant to a formal action of the Board of Trustees. A majority vote is required to approve a commitment and a two-thirds majority vote is required to remove a commitment.

Assigned fund balance

Definition – includes amounts intended to be used by the Charter Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

B. Government-Wide And Fund Financial Statements (Continued)

Authority to Assign – The Board of Trustees delegates to the Supervisor or his/her/their designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Unassigned fund balance

Definition – includes the residual classification for the Charter Township's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Operational guidelines. The following guidelines address the classification and use of fund balance in governmental funds:

Classifying fund balance amounts – Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

Encumbrance reporting – Encumbering amounts for specific purposes for which resources have already been restricted, committed or assigned should not result in separate display or encumbered amounts. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed or assigned, will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in GASB Statement No. 54.

Prioritization of fund balance use – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Charter Township to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Charter Township that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Comparability

Prior years governmental fund balances have been restated to meet the requirements of GASB 54.

The Charter Township reports the following major governmental funds:

The General Fund

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

B. Government-Wide And Fund Financial Statements (Continued)

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.

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.

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2012.

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, 2011 are revenues in the Township's fiscal year ended March 31, 2012.

The Township had a general tax millage of .8187 for 2011. The Township's maximum allowable millage is 1.0 mills. The Township had a fire department millage of 2.0 for 2011.

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, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Since the County, through revolving funds, obtains the delinquent real property taxes for the Township, the sixty (60) day rule does not apply to such delinquent taxes receivable.

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, 2012

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 \$673,136 of restricted net assets of which \$673,136 is restricted by enabling legislation.

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.

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

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

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, 2012, 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>
General government:			
Assessor	58,345	58,698	(353)
Board of Review	1,076	1,666	(590)
Public works:			
Road Improvement	97,139	103,624	(6,485)

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.

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, 2012, \$1,376,288 of the Township's bank balance of \$1,626,288 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$1,376,288</u>
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**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

NOTE 4. RECEIVABLES

Receivables as of March 31, 2012 for the Township's major funds and proprietary funds are as follows:

	General	Waste Water	Water	Total
Receivables:				
Taxes	\$ -	\$ -	\$ -	\$ -
Accounts	-	139,147	238,970	378,117
Special assessments	-	-	957,900	957,900
Contract	-	-	324,253	324,253
Intergovernmental	-	-	-	-
Gross receivables	-	139,147	1,521,123	1,660,270
Less: allowance for uncollectibles	-	-	-	-
Net total receivables (Payables)	<u>\$ -</u>	<u>\$ 139,147</u>	<u>\$ 1,521,123</u>	<u>\$ 1,660,270</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity governmental and business-type activities follows:

	Primary Government			
	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
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	13,730	-	41,078
Vehicles	15,000	-	-	15,000
Fire equipment	251,190	-	-	251,190
Fire vehicles	984,990	12,111	-	997,101
Leased property under capital leases	341,456	-	-	341,456
Depreciable capital assets	<u>1,762,518</u>	<u>25,841</u>	<u>-</u>	<u>1,788,359</u>
Less accumulated depreciation for:				
Buildings and improvements	79,547	2,000	-	81,547
Office furniture and equipment	45,237	125	-	45,362
Computers and software	26,672	2,048	-	28,720
Vehicles	15,000	-	-	15,000
Fire equipment	209,384	10,452	-	219,836
Fire vehicles	966,435	7,295	-	973,730
Total accumulated depreciation	<u>1,342,275</u>	<u>21,920</u>	<u>-</u>	<u>1,364,195</u>
Less accumulated amortization for:				
Leased property under capital leases	<u>119,509</u>	<u>34,146</u>	<u>-</u>	<u>153,655</u>
Governmental activities net capital assets	<u>\$ 329,634</u>	<u>\$ (30,225)</u>	<u>\$ -</u>	<u>\$ 299,409</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

NOTE 5. CAPITAL ASSETS (Continued)

	Primary Government			
	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities:				
Assets not being depreciated-land	\$ -	\$ -	\$ -	\$ -
Water system	8,673,318	-	-	8,673,318
Water meters and equipment	629,900	2,875	-	632,775
Sewer system	2,479,328	-	-	2,479,328
Sewer equipment	121,130	-	-	121,130
Bond issuance costs	50,064	-	-	50,064
Depreciable capital assets	11,953,740	2,875	-	11,956,615
Less accumulated depreciation for:				
Water system	3,715,679	216,833	-	3,932,512
Water meters and equipment	316,598	28,688	-	345,286
Sewer system	1,314,880	70,545	-	1,385,425
Sewer equipment	86,801	5,322	-	92,123
Total accumulated depreciation	5,433,958	321,388	-	5,755,346
Less accumulated amortization for bond issuance costs	23,434	1,252	-	24,686
Business-type activities net capital assets	\$ 6,496,348	\$ (319,765)	\$ -	\$ 6,176,583

Depreciation and amortization expense charged to functions is as follows:

Governmental activities:	
General government	\$ 4,173
Public safety	<u>17,747</u>
Total depreciation - governmental activities	<u>\$ 21,920</u>
Governmental activities:	
General government	\$ -
Public safety	<u>34,146</u>
Total amortization - governmental activities	<u>\$ 34,146</u>
Business-type activities:	
Utility	<u>\$ 322,640</u>
Total depreciation - business-type activities	<u>\$ 322,640</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

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, 2012 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	\$ 6,824	General	\$ 6,824
Tax Collection	5,549	Fire	5,549
Tax Collection	10,162	General	10,162
General	75	Trust & Agency	75
Utility	20,027	General	20,027
Tax Collection	<u>74,115</u>	Utility	<u>74,115</u>
Totals	<u>\$ 116,752</u>		<u>\$ 116,752</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 March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	44,258	4,156	48,414
2014	<u>46,289</u>	<u>2,125</u>	<u>48,414</u>
	<u>\$ 90,547</u>	<u>\$ 6,281</u>	<u>\$ 96,828</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

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 \$1,077,000, which is recorded as a liability in the Utility Fund. Interest expense related to this bond for the year ended March 31, 2012 was \$57,451.

Year Ended March 31,	Interest Rate	Principal Due April 1	Interest Due April 1	Interest Due October 1	Total Due
2013	5.125	45,000	27,598	27,598	100,196
2014	5.125	45,000	26,368	26,368	97,736
2015	5.125	45,000	25,369	25,369	95,739
2016	5.125	45,000	24,011	24,011	93,021
2017	5.125	46,000	22,832	22,832	91,664
2018	5.125	46,000	22,832	22,832	91,664
2019	5.125	46,000	21,653	21,653	89,306
2020	5.125	46,000	20,474	20,474	86,949
2021	5.125	46,000	19,296	19,296	84,591
2022	5.125	47,000	18,091	18,091	83,183
2023	5.125	47,000	16,887	16,887	80,774
2024	5.125	47,000	15,683	15,683	78,365
2025	5.125	47,000	14,478	14,478	75,956
2026	5.125	47,000	13,274	13,274	73,548
2027	5.125	47,000	12,069	12,069	71,139
2028	5.125	47,000	10,865	10,865	68,730
2029	5.125	46,000	9,661	9,661	65,321
2030	5.125	46,000	8,456	8,456	62,913
2031	5.125	46,000	7,252	7,252	60,504
2032	5.125	51,000	6,048	6,048	63,095
2033	5.125	51,000	4,843	4,843	60,686
2034	5.125	49,000	3,639	3,639	56,278
2035	5.125	49,000	2,891	2,891	54,782
		<u>\$ 1,077,000</u>	<u>\$ 354,569</u>	<u>\$ 354,569</u>	<u>\$ 1,786,138</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

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, 2012 was \$41,575. The principal and interest requirements at March 31, 2012 follow:

Year Ended March 31,	Principal	Interest	Total
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>\$ 837,477</u>	<u>\$ 453,847</u>	<u>\$ 1,291,324</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

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, 2012:

	<u>Bonds</u>	<u>YCUA Contract</u>	<u>Capital Leases</u>	<u>Total</u>
Balance April 1, 2011	\$ 1,121,000	\$ 866,327	\$ 132,862	\$ 2,120,189
Additions				-
Deletions	<u>(44,000)</u>	<u>(28,851)</u>	<u>(42,315)</u>	<u>(115,166)</u>
Balance March 31, 2012	1,077,000	837,476	90,547	2,005,023
Less: current portion	<u>45,000</u>	<u>30,336</u>	<u>44,258</u>	<u>119,594</u>
Total due after one year	<u>\$ 1,032,000</u>	<u>\$ 807,140</u>	<u>\$ 46,289</u>	<u>\$ 1,885,429</u>

The debt service requirements of governmental activities at March 31, 2012 are as follows:

<u>Year Ended March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	119,594	72,009	191,603
2014	123,257	65,221	188,478
2015	78,813	62,732	141,545
2016	80,464	59,783	140,247
2016-2020	428,650	386,247	814,897
2021-2025	447,283	280,874	728,157
2026-2030	465,100	163,572	628,672
2031-2035	<u>261,862</u>	<u>105,377</u>	<u>367,239</u>
	<u>\$ 2,005,023</u>	<u>\$ 1,195,815</u>	<u>\$ 3,200,838</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

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 \$24,905 for the year ended March 31, 2012.

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 \$3,829 made for the year ended March 31, 2012.

AUGUSTA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Local sources	\$ 200,764	\$ 202,827	\$ 212,310	\$ 9,483
State sources	301,000	559,021	569,104	10,083
Other	87,155	100,917	92,263	(8,654)
Total revenues	<u>588,919</u>	<u>862,765</u>	<u>873,677</u>	<u>10,912</u>
EXPENDITURES:				
General government:				
Board of trustees	237,360	272,396	169,450	102,946
Supervisor	25,820	26,370	25,697	673
Treasurer	61,287	67,568	64,008	3,560
Assessor	55,680	58,345	58,698	(353)
Board of review	1,076	1,076	1,666	(590)
Clerk	57,788	60,170	59,031	1,139
Elections	24,436	23,892	16	23,876
Township hall	14,800	17,781	16,322	1,459
Other	3,992	7,375	4,824	2,551
Total general government	<u>482,239</u>	<u>534,973</u>	<u>399,712</u>	<u>135,261</u>
Public safety:				
Building inspections	-	-	-	-
Police	-	16,500	16,500	-
Total public safety	<u>-</u>	<u>16,500</u>	<u>16,500</u>	<u>-</u>
Public works:				
Drains at large	24,613	28,021	28,021	-
Road improvement	82,868	97,139	103,624	(6,485)
Total public works	<u>107,481</u>	<u>125,160</u>	<u>131,645</u>	<u>(6,485)</u>
Community and economic development:				
Planning and zoning	13,197	25,161	15,040	10,121
Total community and economic development	<u>13,197</u>	<u>25,161</u>	<u>15,040</u>	<u>10,121</u>
Total expenditures	<u>602,917</u>	<u>701,794</u>	<u>562,897</u>	<u>138,897</u>
Change in fund balance	(13,998)	-	310,780	-
Total fund balances - beginning of year			<u>199,512</u>	
Total fund balances - end of year			<u>\$ 510,292</u>	

**AUGUSTA CHARTER TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2012**

			Total Nonmajor Governmental Funds 2012	2011
	Special Revenue	Capital Projects		
Assets:				
Cash and cash equivalents	\$ 614,319	\$ 36,252	\$ 650,571	\$ 656,546
Investments	-	-	-	-
Taxes receivable	-	-	-	-
Accounts receivable	-	-	-	435
Due from other funds	5,269	-	5,269	-
Due from fiduciary funds	-	-	-	-
Due from other governmental units	31,742	-	31,742	32,549
Inventory	-	-	-	-
Prepaid expenditures	4,467	-	4,467	4,500
Total assets	\$ 655,797	\$ 36,252	\$ 692,049	\$ 694,030
Liabilities & Fund Balances:				
Liabilities:				
Accounts payable	\$ 5,032	\$ -	\$ 5,032	\$ 4,495
Salaries payable	7,057	-	7,057	8,438
Contract payable	-	-	-	-
Accrued expenditures	-	-	-	-
Due to other funds	6,824	-	6,824	6,084
Unearned revenue	-	-	-	-
Total liabilities	18,913	-	18,913	19,017
Fund Balances:				
Reserved for:				
Fire department	369,346	36,252	405,598	407,654
Unreserved, reported in:				
Special revenue funds	267,538	-	267,538	267,359
Total fund balances	636,884	36,252	673,136	675,013
Total liabilities & fund balances	\$ 655,797	\$ 36,252	\$ 692,049	\$ 694,030

See notes to financial statements.

**AUGUSTA CHARTER TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
MARCH 31, 2012**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds 2012	2011
Revenues:				
Local sources:				
Property taxes	\$ 400,523	\$ -	\$ 400,523	\$ 418,112
Investment earnings	537	65	602	583
Charges for services	5	-	5	1,877
Donations/Grant	4,999	-	4,999	-
Other	1,412	-	1,412	3,738
Total local sources	407,476	65	407,541	424,310
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	407,476	65	407,541	424,310
Expenditures:				
Current:				
Salaries and wages	146,622	-	146,622	162,404
Fringe benefits	26,561	-	26,561	25,040
Supplies and other	33,378	-	33,378	38,857
Repairs and maintenance	69,780	-	69,780	50,804
Contracted services	2,233	-	2,233	21,918
Dues and mileage	10,929	-	10,929	1,397
Communications	22,414	-	22,414	19,353
Utilities	10,185	-	10,185	11,831
Interest	6,098	-	6,098	7,963
Other	1,253	-	1,253	7,178
Overhead expenses	17,322	-	17,322	15,850
Capital outlay	20,328	-	20,328	-
Total expenditures	367,103	-	367,103	362,595
Excess (deficiency) of revenues over (under) expenditures	40,373	65	40,438	61,715
Other financing sources (uses):				
Sale of Assets	-	-	-	3,750
Redemption of principal	(42,315)	-	(42,315)	(40,458)
Total other financing sources (uses)	(42,315)	-	(42,315)	(36,708)
Change in fund balances	(1,942)	65	(1,877)	25,007
Fund balances:				
Beginning of year	638,826	36,187	675,013	650,006
End of year	<u>\$ 636,884</u>	<u>\$ 36,252</u>	<u>\$ 673,136</u>	<u>\$ 675,013</u>

See notes to financial statements.

**AUGUSTA CHARTER TOWNSHIP
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
MARCH 31, 2012**

	Fire Fund	Environmental Fund	Totals 2012	2011
Assets:				
Cash and cash equivalents	\$ 346,781	\$ 267,538	\$ 614,319	\$ 620,359
Investments	-	-	-	-
Taxes receivable	-	-	-	-
Accounts receivable	-	-	-	435
Due from other funds	5,269	-	5,269	-
Due from fiduciary funds	-	-	-	-
Due from other governmental units	31,742	-	31,742	32,549
Inventory	-	-	-	-
Prepaid expenditures	4,467	-	4,467	4,500
Total assets	<u>\$ 388,259</u>	<u>\$ 267,538</u>	<u>\$ 655,797</u>	<u>\$ 657,843</u>
Liabilities & Fund Balances:				
Liabilities:				
Accounts payable	\$ 5,032	\$ -	\$ 5,032	\$ 4,495
Due to other funds	6,824	-	6,824	6,084
Salaries payable	7,057	-	7,057	8,438
Contract payable	-	-	-	-
Accrued expenditures	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>18,913</u>	<u>-</u>	<u>18,913</u>	<u>19,017</u>
Fund Balances:				
Reserved for:				
Fire department	369,346	-	369,346	371,467
Unreserved, undesignated	-	267,538	267,538	267,359
Total fund balances	<u>369,346</u>	<u>267,538</u>	<u>636,884</u>	<u>638,826</u>
Total liabilities & fund balances	<u>\$ 388,259</u>	<u>\$ 267,538</u>	<u>\$ 655,797</u>	<u>\$ 657,843</u>

**AUGUSTA CHARTER TOWNSHIP
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES
SPECIAL REVENUE FUNDS
MARCH 31, 2012**

	Fire Fund	Environmental Fund	Totals 2012	2011
Revenues:				
Local sources:				
Property taxes	\$ 400,523	\$ -	\$ 400,523	\$ 418,112
Investment earnings	358	179	537	493
Charges for services	5	-	5	1,877
Donations/Grant	4,999	-	4,999	-
Other	1,412	-	1,412	3,738
Total local sources	407,297	179	407,476	424,220
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	407,297	179	407,476	424,220
Expenditures:				
Salaries and wages	146,622	-	146,622	162,404
Fringe benefits	26,561	-	26,561	25,040
Supplies and other	33,378	-	33,378	38,857
Repairs and maintenance	69,780	-	69,780	50,804
Contracted services	2,233	-	2,233	21,918
Dues and mileage	10,929	-	10,929	1,397
Communications	22,414	-	22,414	19,353
Utilities	10,185	-	10,185	11,831
Interest	6,098	-	6,098	7,963
Other	1,253	-	1,253	7,178
Overhead expenses	17,322	-	17,322	15,850
Capital outlay	20,328	-	20,328	-
Total expenditures	367,103	-	367,103	362,595
Excess (deficiency) of revenues over (under) expenditures	40,194	179	40,373	61,625
Other financing sources:				
Sale of asset	-	-	-	3,750
Redemption of principal	(42,315)	-	(42,315)	(40,458)
Total other financing sources	(42,315)	-	(42,315)	(36,708)
Change in fund balances	(2,121)	179	(1,942)	24,917
Fund balances:				
Beginning of year	371,467	267,359	638,826	613,909
End of year	<u>\$ 369,346</u>	<u>\$ 267,538</u>	<u>\$ 636,884</u>	<u>\$ 638,826</u>

See notes to financial statements.

**AUGUSTA CHARTER TOWNSHIP
COMBINING BALANCE SHEET
AGENCY FUNDS
MARCH 31, 2012
WITH COMPARATIVE TOTALS FOR MARCH 31, 2011**

	Trust & Agency	Tax Collection	Totals	
			2012	2011
ASSETS:				
Cash and cash equivalents	\$ -	\$ 19,409	\$ 19,409	\$ 5,682
Investments	7,719	-	7,719	32,443
Due from other funds	280	71,513	71,793	-
Total assets	<u>\$ 7,999</u>	<u>\$ 90,922</u>	<u>\$ 98,921</u>	<u>\$ 38,125</u>
LIABILITIES:				
Due to other funds	\$ -	\$ 89,827	\$ 89,827	\$ 917
Due to other taxing units	7,999	1,095	9,094	37,208
Total liabilities	<u>\$ 7,999</u>	<u>\$ 90,922</u>	<u>\$ 98,921</u>	<u>\$ 38,125</u>

**AUGUSTA CHARTER TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TAX COLLECTION FUND
MARCH 31, 2012**

	<u>Balance April 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2012</u>
ASSETS:				
Cash and cash equivalents	\$ 5,446	\$ 6,630,671	\$ 6,616,708	\$ 19,409
Due from governmental units	<u>-</u>	<u>\$ 71,513</u>	<u>\$ -</u>	<u>\$ 71,513</u>
Total assets	<u>\$ 5,446</u>	<u>\$ 6,702,184</u>	<u>\$ 6,616,708</u>	<u>\$ 90,922</u>
LIABILITIES:				
Due to other funds	\$ 681	\$ 6,630,671	\$ 6,541,525	\$ 89,827
Due to other taxing units	<u>4,765</u>	<u>71,513</u>	<u>75,183</u>	<u>1,095</u>
Total liabilities	<u>\$ 5,446</u>	<u>\$ 6,702,184</u>	<u>\$ 6,616,708</u>	<u>\$ 90,922</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, 2012, 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 all 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 2012-1, 2012-2 and 2012-3 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, 2012

AUGUSTA CHARTER TOWNSHIP
SCHEDULE OF FINDINGS AND RESPONSES
MARCH 31, 2012

Finding 2012-1

Criteria:

All bank accounts should be reconciled to the general ledger on a monthly basis.

Condition:

The Charter Township property tax account was not reconciled on a monthly basis to agree to the impress balance of \$5,000.

Cause:

The Charter Township replaced their Treasurer and Deputy Treasurer. In addition, their tax collection program was updated and required numerous hours of education to understand the process, resulting in absence of timely reconciliations.

Effect:

Had the Charter Township timely reconciled the tax account, the types of errors discovered may have been caught earlier eliminating the need to call back taxes and reissue taxes. The other result is that all taxing units would get their funds more timely.

Recommendation:

The Charter Township should revise their policy for tax collections to include the need to have the tax collection account reconciled to the impress balance of \$5,000, and agreed to the general ledger monthly.

Response:

The Charter Township will revise our policy to include the recommendation listed above.

AUGUSTA CHARTER TOWNSHIP
SCHEDULE OF FINDINGS AND RESPONSES
MARCH 31, 2012

Finding 2012-2

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, 2012

Finding 2012-3

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.