

Auditing Procedures Report

Instructions and MuniCodes

=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended (V1.07)

Unit Name: AUGUSTA CHARTER TOWNSHIP	County: WASHTENAW	Type: TOWNSHIP	MuniCode: 81-1-020
Opinion Date-Use Calendar: Sep 19, 2008	Audit Submitted-Use Calendar: Sep 29, 2008	Fiscal Year End Month: 03	Fiscal Year: 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
3. Were the local unit's actual expenditures within the amounts authorized in the budget?
4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
5. Did the local unit adopt a budget for all required funds?
6. Was a public hearing on the budget held in accordance with State statute?
7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
8. Has the local unit distributed tax revenues that were collected for another taxing unit, timely as required by the general property tax act?
9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
12. Is the local unit free of repeated reported deficiencies from previous years?
13. Is the audit opinion unqualified? 14. If not, what type of opinion is it?
15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> \$ 850,488.00
General Fund Expenditure:	<input type="checkbox"/> \$ 826,248.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> \$ 218,638.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> \$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations)

CPA (First Name): MEREDITH A	Last Name: MATTHEWS	Ten Digit License Number: 1101029000		
CPA Street Address: 121 N. MAIN STREET	City: ADRIAN	State: MI	Zip Code: 49221	Telephone: +1 (517) 265-6154
CPA Firm Name: ROBERTSON, EATON & OW	Unit's Street Address: 8021 TALLADAY ROAD, P O	Unit's City: WHITTAKER	Unit's Zip: 48190	

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2008

**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, 2008

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, 2008. We encourage readers to consider the information presented here.

Financial Highlights

- The Township has continued to experience growth in taxable values of property which increased 5 percent over last year.
- Property tax revenue for the Township increased \$6,018 (1%) all of which is attributable to the increased taxable value of Township property.
- Overall new zoning and planning applications decreased by 25 percent. Applications for new single family homes declined by 75 percent from the previous year.
- The Augusta Charter Township Board authorized a Water & Sewer Rate study of the Utility Fund as a result of the operating losses. The final report is expected to be completed following the outcome of the YCUA Sewage Capacity lease renegotiations.
- Due to the overall economic climate in the residential housing market the Township experienced a significant decline in expected future home building projects as well. As of March 31, 2008 there were three (3) active residential home building projects down from nine (9) as of March 31, 2007. This equates to 365 projected new homes, over the next several years, of the 2,870 projected as of March 31, 2007, a decline in anticipated growth of 87%.
- Projected growth as of 2004 was the basis for the Township entering into a sewage capacity reserve lease contract with YCUA in November 2005. Subsequent to the year ending March 31, 2008 the Township Board is renegotiating the YCUA Sewage Capacity Lease to adjust for the current economic conditions.
- The assets of the Township exceeded its liabilities at the close of the year ended March 31, 2008 \$7,868,521 (*net assets*). Of this amount, \$2,808,099 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased \$783,196. This decrease is primarily attributable to utility fund expenses exceeding revenues.

Governmental activities:

- Property taxes and state shared revenues and service fees finance most of the Township's basic services, such as police, fire, public works, community development, and general administration.
- The Washtenaw County Road Commission Bolla Road property reverted to the county in October 2007.

- The Township is leasing a building to temporarily store and operate Fire and Utility operations until a permanent building is found. The costs are born by the Fire and Utility departments based upon square footage occupied.
- The Township purchased of a Fire Truck for \$341,500 purchased through lease financing and purchased a copier for the township offices through lease financing for \$16,012.

Business-type activities:

- The Township’s business-type Utility Fund supplies water distribution and provides sewage treatment to residents through YCUA. The Township passes through the water & sewer rate increases received from YCUA.
- Total expenses decreased \$258,831 from the prior year and the cost of purchasing water and wastewater treatment increased \$19,052.

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 Augusta Charter 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 Augusta Charter 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, 2008. 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 Augusta Charter 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 Augusta Charter Township include general government, public safety, highways and streets, sanitation, public works, and culture and recreation. The business-type activities of the Augusta Charter 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, 2008. Such information may be useful in evaluating a government's near-term financing requirements.

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

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, police fund and environmental fund which are considered to be major funds.

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

The basic governmental fund financial statements can be found on pages 6 – 8 of this report.

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

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

The proprietary fund financial statements can be found on pages 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 19 – 36 of this report.

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 \$7,868,521 at the close of the year ended March 31, 2008.

By far the largest portion of the Township’s net assets (60 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 Utility Fund, which supplies water distribution and provides sewage treatment, is provided to the residents by the Ypsilanti Community Utilities Authority (YCUA). The Township passes water & sewer rate increases received from YCUA to its residents. Total expenses decreased \$257,349 from the prior year and the cost of purchasing water and wastewater treatment increased \$19,052.

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	\$ 1,370,011	\$ 3,646,800	\$ 5,016,811
Capital assets	<u>551,941</u>	<u>7,245,576</u>	<u>7,797,517</u>
Total assets	<u>\$ 1,921,952</u>	<u>\$10,892,376</u>	<u>\$ 12,814,328</u>
Long term liabilities outstanding	\$ 265,328	\$ 2,794,384	\$ 3,059,712
Other liabilities	<u>292,101</u>	<u>1,593,994</u>	<u>1,886,095</u>
Total liabilities	<u>\$ 557,429</u>	<u>\$ 4,388,378</u>	<u>\$ 4,945,807</u>
Net assets:			
Invested in capital assets, net of related debt	\$ 286,613	\$ 4,451,192	\$ 4,737,805
Restricted	322,617		322,617
Unrestricted	<u>755,293</u>	<u>2,052,806</u>	<u>2,808,099</u>
Total net assets	<u>\$ 1,364,523</u>	<u>\$ 6,503,998</u>	<u>\$ 7,868,521</u>

An additional portion of the Township's net assets (3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$2,808,099 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>
Program revenues:			
Charges for services:			
General government	\$ 54,780	\$	\$ 54,780
Public safety	5,495		5,495
Utility		957,499	957,499
Operating grants:			
Public safety	989		989
Capital grants:			
Utility	<u> </u>	<u>159,942</u>	<u>159,942</u>
Total program revenues	<u>61,264</u>	<u>1,117,441</u>	<u>1,178,705</u>
General revenues:			
Property taxes	898,857		898,857
Investment earnings	41,667	123,765	165,432
Franchise fees	26,129		26,129
State revenue sharing	330,285		330,285
Loss on disposal of capital asset		(17,500)	(17,500)
Other	<u>149,361</u>	<u> </u>	<u>149,361</u>
Total general revenues	<u>1,446,299</u>	<u>106,265</u>	<u>1,552,564</u>
Total revenues	<u>1,507,563</u>	<u>1,223,706</u>	<u>2,731,269</u>
Expenses:			
General government	624,334		624,334
Public safety	634,911		634,911
Public works	120,842		120,842
Community and economic development	77,317		77,317
Utility	<u> </u>	<u>2,006,902</u>	<u>2,006,902</u>
Total expenses	<u>1,457,404</u>	<u>2,006,902</u>	<u>3,464,306</u>
Change in net assets	50,159	(783,196)	(733,037)
Prior year adjustment	<u> </u>	<u>(8,342,205)</u>	<u>(8,342,205)</u>
Total increase in net assets	50,159	(9,125,401)	(9,075,242)
Net assets, beginning of year	<u>1,314,364</u>	<u>15,629,399</u>	<u>16,943,763</u>
Net assets, end of year	<u>\$ 1,364,523</u>	<u>\$ 6,503,998</u>	<u>\$ 7,868,521</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, 2008, the Township's governmental funds reported combined ending fund balances of \$808,558, an increase of \$233,578 in comparison with the balance at March 31, 2007. Reserved fund balance (\$8,906) is not available for new spending since it already is committed and Special Revenue Funds have \$583,752 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 \$215,900. 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 \$24,240 during the year ended March 31, 2008.

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 utility fund at the end of the year amounted to \$2,052,806. The total decrease in net assets for the fund was \$9,125,401.

General Fund Budgetary Highlights

General Fund Administrative expenditure line items over budget totaled \$110,564 of which the major over budget items are legal fees over budget amount of \$47,000 and insurance of \$43,150. Zoning contractual services over budget amount of \$12,250. The economic development over budget amount is \$42,770 and represents review fees expended on behalf of planning applications that were not budgeted.

Fire Fund budget overages were due to the purchase of a fire truck (\$341,500) and budget overages in fire fighter wages.

Police Fund budget overages were due to the increase in the contract fees.

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, 2008, amounts to \$7,767,132 (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, 2008 were:

- A fire department vehicle, \$341,456, a copier for the fire and township halls, \$2,270 and \$16,012, respectively, reported in the governmental activities.
- Water meters, \$16,575, 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	1,320,180		1,320,180
Leased property under capital leases	359,738		359,738
Water system and equipment		9,081,317	9,081,317
Sewer system and equipment		2,600,458	2,600,458
Bond issuance costs	<u> </u>	<u>50,064</u>	<u>50,064</u>
 Total	 <u>\$ 1,893,700</u>	 <u>\$11,731,839</u>	 <u>\$13,625,539</u>

Additional information on the Township's capital assets can be found in Note 5 on pages 28 and 29.

Long-term debt. At the year ended March 31, 2008, the Township had total bonded and contract debt outstanding of \$2,794,384. Of this amount, \$944,384 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	\$	\$ 944,384	\$ 944,384
Revenue bonds	<u> </u>	<u>1,850,000</u>	<u>1,850,000</u>
 Total	 <u>\$ -</u>	 <u>\$ 2,794,384</u>	 <u>\$ 2,794,384</u>

Additional information on the Township's long-term debt can be found in Note 8 on pages 33 - 35 of this report.

Economic Factors and Next Year's Budgets and Rates

The Township budget for next year anticipates relatively reduced revenue due to the decline in the Michigan's overall economy. The Township experienced an increase of 8 percent in its tax base for the year, down from the previous years 11 percent with next years estimated increase of 5 percent in 2009.

The Township anticipates next years state revenue will remain the same as the current year.

As a result of the Police Fund millage ballot proposal of 2006 and subsequently in August 2008 having failed, the Board placed the millage proposal on the Ballot for November 2008. If the police millage fails the Township estimates funds available to maintain the existing police service contract with Washtenaw County Sheriff through 2008 assuming no additional service costs are incurred under the contract conditions effective January 1, 2008.

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 19, 2008

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, 2008, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2008 on our consideration of Augusta Charter Township, Washtenaw County, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

September 19, 2008

Augusta Charter Township
Washtenaw County, Michigan

The management's discussion and analysis on pages i through viii is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Robertson, Eaton & Owen, P.C.

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

STATEMENT OF NET ASSETS

March 31, 2008

With Comparative Totals for March 31, 2007

	Governmental Activities	Business-type Activities	Total 2008	Total 2007
ASSETS:				
Cash and cash equivalents	\$ 958,782	\$ 334,532	\$ 1,293,314	\$ 620,583
Investments		1,557,154	1,557,154	2,528,424
Taxes receivable	12,575		12,575	5,599
Accounts receivable	9,495	143,206	152,701	301,472
Special assessment receivable		1,214,541	1,214,541	1,279,762
Interfund activity	(125,035)	125,035		
Due from fiduciary funds	358,030	128,585	486,615	383,501
Due from other governmental units	152,804	58,925	211,729	198,688
Prepaid expenses	3,360		3,360	18,312
Inventory		73,090	73,090	89,665
YCUA deposits		11,732	11,732	22,889
Capital assets:				
Capital assets	1,533,962	11,681,775	13,215,737	31,438,267
Less: Accumulated depreciation	(1,321,030)	(4,466,584)	(5,787,614)	(15,285,965)
Leased property under capital leases	359,738		359,738	
Less: Accumulated amortization	(20,729)		(20,729)	
Bond issuance costs		50,064	50,064	50,064
Less: Accumulated depreciation		(19,679)	(19,679)	(18,428)
	<u>\$ 1,921,952</u>	<u>\$10,892,376</u>	<u>\$12,814,328</u>	<u>\$21,632,833</u>
TOTAL ASSETS				
LIABILITIES:				
Accounts payable	\$ 107,400	\$ 86,291	\$ 193,691	\$ 104,504
Due to other governmental units	787		787	412
Salaries payable	5,434		5,434	1,755
Accrued expenses	104	293,162	293,266	210,540
Deferred revenue	178,376	1,214,541	1,392,917	1,467,283
Current portion of contract payable	42,942	24,790	67,732	42,192
Current portion of long term obligations		68,000	68,000	68,000
Noncurrent liabilities:				
Noncurrent portion of contract payable	222,386	919,594	1,141,980	944,384
Noncurrent portion of long term obligations		1,782,000	1,782,000	1,850,000
	<u>557,429</u>	<u>4,388,378</u>	<u>4,945,807</u>	<u>4,689,070</u>
TOTAL LIABILITIES				
NET ASSETS:				
Invested in capital assets, net of related debt	\$ 286,613	\$ 4,451,192	\$ 4,737,805	\$13,279,362
Restricted for:				
Fire department	72,507		72,507	278,225
Police department	250,110		250,110	313,591
Unrestricted	<u>755,293</u>	<u>2,052,806</u>	<u>2,808,099</u>	<u>3,072,585</u>
	<u>\$ 1,364,523</u>	<u>\$ 6,503,998</u>	<u>\$ 7,868,521</u>	<u>\$16,943,763</u>
TOTAL NET ASSETS				

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

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

STATEMENT OF ACTIVITIES

**For the Year Ended March 31, 2008
With Comparative Totals for the Year Ended March 31, 2007**

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>	<u>Capital Grants and Contributions</u>
			<u>Operating Grants and Contributions</u>	
GOVERNMENTAL ACTIVITIES:				
General government	\$ 624,334	\$ 54,780	\$	\$
Public safety	634,911	5,495	989	
Public works	120,842			
Community and economic development	<u>77,317</u>	<u> </u>	<u> </u>	<u> </u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>1,457,404</u>	<u>60,275</u>	<u>989</u>	<u> </u>
BUSINESS-TYPE ACTIVITIES:				
Utility	<u>2,006,902</u>	<u>957,499</u>	<u> </u>	<u>159,942</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>2,006,902</u>	<u>957,499</u>	<u>-</u>	<u>159,942</u>
TOTAL GOVERNMENT	<u>\$ 3,464,306</u>	<u>\$ 1,017,774</u>	<u>\$ 989</u>	<u>\$ 159,942</u>

GENERAL REVENUES:

Property taxes
Investment earnings
Franchise fees
State revenue sharing
Other
Loss on disposal of capital asset

TOTAL GENERAL REVENUES

CHANGE IN NET ASSETS

Prior year adjustment (Note 10)

Net assets, beginning of year

Net assets – end of year

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

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2008</u>	Total <u>2007</u>
\$ (569,554)	\$	\$ (569,554)	\$ (459,493)
(628,427)		(628,427)	(586,045)
(120,842)		(120,842)	(151,843)
<u>(77,317)</u>	<u> </u>	<u>(77,317)</u>	<u>(119,046)</u>
<u>(1,396,140)</u>	<u> - </u>	<u>(1,396,140)</u>	<u>(1,316,427)</u>
<u> </u>	<u> (889,461)</u>	<u> (889,461)</u>	<u> (950,670)</u>
<u> </u>	<u> (889,461)</u>	<u> (889,461)</u>	<u> (950,670)</u>
<u><u>\$ (1,396,140)</u></u>	<u><u>\$ (889,461)</u></u>	<u><u>\$ (2,285,601)</u></u>	<u><u>\$ (2,267,097)</u></u>
\$ 898,857	\$	\$ 898,857	\$ 887,308
41,667	123,765	165,432	163,481
26,129		26,129	22,920
330,285		330,285	328,567
149,361		149,361	221,173
<u> </u>	<u> (17,500)</u>	<u> (17,500)</u>	<u> </u>
<u>1,446,299</u>	<u> 106,265</u>	<u>1,552,564</u>	<u>1,623,449</u>
50,159	(783,196)	(733,037)	(643,648)
	(8,342,205)	(8,342,205)	7,470,855
<u>1,314,364</u>	<u>15,629,399</u>	<u>16,943,763</u>	<u>10,116,556</u>
<u><u>\$ 1,364,523</u></u>	<u><u>\$ 6,503,998</u></u>	<u><u>\$ 7,868,521</u></u>	<u><u>\$ 16,943,763</u></u>

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

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

BALANCE SHEET

GOVERNMENTAL FUNDS

March 31, 2008

With Comparative Totals for March 31, 2007

	<u>General</u>	<u>Fire Fund</u>	<u>Police Fund</u>	<u>Environmental Fund</u>	<u>2008</u>	<u>Total Governmental Funds 2007</u>
ASSETS:						
Cash and cash equivalents	\$ 241,256	\$ 263,193	\$ 187,026	\$ 267,307	\$ 958,782	\$ 608,921
Investments						259,155
Taxes receivable	2,738	3,647	2,521		8,906	5,599
Accounts receivable	9,140				9,140	11,407
Due from other governmental funds	51,941				51,941	28,195
Due from proprietary funds		1,411			1,411	84,769
Due from fiduciary funds	195,274	100,367	62,389		358,030	123,878
Due from other governmental units	81,478	47,769	23,557		152,804	147,432
Prepaid expenditures		3,360			3,360	18,312
TOTAL ASSETS	<u>\$ 581,827</u>	<u>\$ 419,747</u>	<u>\$ 275,493</u>	<u>\$ 267,307</u>	<u>\$ 1,544,374</u>	<u>\$ 1,287,668</u>
LIABILITIES:						
Accounts payable	\$ 44,475	\$ 56,613	\$ 6,312	\$	\$ 107,400	\$ 22,912
Due to other funds		34,215	17,722	4	51,941	28,195
Due to proprietary funds	126,446				126,446	
Due to other governmental units	787				787	412
Salaries payable	1,653	3,781			5,434	1,635
Contract payable	14,310	251,018			265,328	
Accrued expenditures	104				104	4,857
Deferred revenue	175,414	1,613	1,349		178,376	187,521
TOTAL LIABILITIES	<u>363,189</u>	<u>347,240</u>	<u>25,383</u>	<u>4</u>	<u>735,816</u>	<u>245,532</u>
FUND BALANCES:						
Reserved for:						
Taxes receivable	2,738	3,647	2,521		8,906	5,599
Unreserved, designated for:						
Fire building		36,219			36,219	34,155
Unreserved, undesignated in:						
General fund	215,900				215,900	192,643
Fire fund		32,641			32,641	241,979
Police fund			247,589		247,589	311,838
Environmental fund				267,303	267,303	255,922
TOTAL FUND BALANCES	<u>218,638</u>	<u>72,507</u>	<u>250,110</u>	<u>267,303</u>	<u>808,558</u>	<u>1,042,136</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 581,827</u>	<u>\$ 419,747</u>	<u>\$ 275,493</u>	<u>\$ 267,307</u>	<u>\$ 1,544,374</u>	<u>\$ 1,287,668</u>

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

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

**RECONCILIATIONS OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

March 31, 2008
With Comparative Totals for March 31, 2007

	<u>2008</u>	<u>2007</u>
TOTAL GOVERNMENTAL FUND BALANCES	\$ 808,558	\$ 1,042,136
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital asset is	1,533,962	1,533,962
The accumulated depreciation is	<u>(1,321,030)</u>	<u>(1,262,702)</u>
Leased property under capital leases is	359,738	
The accumulated amortization is	<u>(20,729)</u>	<u> </u>
	<u>551,941</u>	<u>271,260</u>
Other long-term assets are not available to pay for current-period expenditures	<u>4,024</u>	<u>968</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,364,523</u>	<u>\$ 1,314,364</u>

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

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS**

**For the Year Ended March 31, 2008
With Comparative Totals for the Year Ended March 31, 2007**

	<u>General</u>	<u>Fire Fund</u>	<u>Police Fund</u>	<u>Environmental Fund</u>	<u>Total Governmental Funds</u>	
					<u>2008</u>	<u>2007</u>
REVENUES:						
Local sources:						
Property taxes	\$ 264,646	\$ 422,291	\$ 208,251	\$	\$ 895,188	\$ 889,170
Franchise fees	26,129				26,129	22,920
Special assessment						2,606
Investment earnings	29,210	1,076		11,381	41,667	63,139
Licenses, permits and fees	54,780	1,580	3,560		59,920	73,756
Donations		989			989	2,035
Other	<u>145,438</u>	<u>3,923</u>	<u> </u>	<u> </u>	<u>149,361</u>	<u>98,604</u>
TOTAL LOCAL SOURCES	520,203	429,859	211,811	11,381	1,173,254	1,152,230
State sources	330,285				330,285	328,567
Federal sources	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>458</u>
TOTAL REVENUES	<u>850,488</u>	<u>429,859</u>	<u>211,811</u>	<u>11,381</u>	<u>1,503,539</u>	<u>1,481,255</u>
EXPENDITURES:						
Current:						
General government	613,045				613,045	520,029
Public safety		291,851	275,292		567,143	544,034
Public works	119,874				119,874	152,811
Community and economic development	77,317				77,317	119,046
Capital outlay	<u>16,012</u>	<u>343,726</u>	<u> </u>	<u> </u>	<u>359,738</u>	<u>5,787</u>
TOTAL EXPENDITURES	<u>826,248</u>	<u>635,577</u>	<u>275,292</u>	<u> </u>	<u>1,737,117</u>	<u>1,341,707</u>
CHANGE IN FUND BALANCES	<u>24,240</u>	<u>(205,718)</u>	<u>(63,481)</u>	<u>11,381</u>	<u>(233,578)</u>	<u>139,548</u>
FUND BALANCES:						
Beginning of year	<u>194,398</u>	<u>278,225</u>	<u>313,591</u>	<u>255,922</u>	<u>1,042,136</u>	<u>902,588</u>
End of year	<u>\$ 218,638</u>	<u>\$ 72,507</u>	<u>\$ 250,110</u>	<u>\$ 267,303</u>	<u>\$ 808,558</u>	<u>\$ 1,042,136</u>

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

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

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

For the Year Ended March 31, 2008
With Comparative Totals for March 31, 2007

	<u>2008</u>	<u>2007</u>
CHANGE IN FUND BALANCES TOTAL GOVERNMENTAL FUNDS	\$ (233,578)	\$ 139,548
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	(58,328)	(60,330)
Amortization expense on leased property	(20,729)	
Capital outlay	359,738	5,787
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental funds.		
Amount due from the Washtenaw County Drain Commission-end of year		968
Amount due from the Washtenaw County Drain Commission-beginning of year	(968)	
Amount due for personal property taxes-end of year	3,669	
Amount due for personal property taxes-beginning of year		(1,862)
Amount due for cost recovery for fire services	<u>355</u>	<u> </u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 50,159</u>	<u>\$ 84,111</u>

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

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

STATEMENT OF NET ASSETS

PROPRIETARY FUND

March 31, 2008

With Comparative Totals for March 31, 2007

	<u>2008</u>	Utility Fund <u>2007</u>
ASSETS:		
Cash and cash equivalents	\$ 323,070	\$ 11,662
Investments	1,557,154	2,194,269
Receivables not of allowances for uncollectible accounts	143,206	175,996
Current portion of special assessment receivable	45,336	45,821
Due from governmental funds	126,446	
Due from fiduciary funds	128,585	161,616
Due from other governmental units	58,925	50,288
Inventory	73,090	89,665
Noncurrent assets:		
Restricted assets	11,462	287,076
YCUA deposits	11,732	22,889
Special assessment receivable	1,169,205	1,233,941
Land		17,500
Water system	8,504,243	11,840,808
Water meters and equipment	577,074	170,462
Sewer system	2,479,328	16,000,000
Sewer equipment	121,130	1,875,535
Less: accumulated depreciation	(4,466,584)	(14,023,263)
Bond issuance costs	50,064	50,064
Accumulated amortization	<u>(19,679)</u>	<u>(18,428)</u>
TOTAL ASSETS	<u>\$10,893,787</u>	<u>\$20,185,901</u>
LIABILITIES:		
Accounts payable	\$ 86,291	\$ 81,592
Salaries payable		120
Accrued liabilities	293,162	205,683
Due to other funds	1,411	84,769
Current portion of deferred special assessment receivable	45,336	45,821
Current portion of YCUA contract	24,790	42,192
Current portion of bond payable	68,000	68,000
Noncurrent liabilities:		
Deferred special assessment revenue	1,169,205	1,233,941
Noncurrent portion of YCUA contract	919,594	944,384
Noncurrent portion of bond payable	<u>1,782,000</u>	<u>1,850,000</u>
TOTAL LIABILITIES	<u>4,389,789</u>	<u>4,556,502</u>
NET ASSETS:		
Invested in capital assets, net of related debt	4,451,192	13,008,102
Unrestricted	<u>2,052,806</u>	<u>2,621,297</u>
TOTAL NET ASSETS	<u>\$ 6,503,998</u>	<u>\$15,629,399</u>

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

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUND

**For the Year Ended March 31, 2008
With Comparative Totals for the Year Ended March 31, 2007**

	<u>2008</u>	<u>2007</u>
		Utility Fund
OPERATING REVENUES:		
Water and sewer usage	\$ 922,748	\$ 857,593
Charges for services	34,751	259,155
Other	<u> </u>	<u>8,500</u>
TOTAL REVENUES	<u>957,499</u>	<u>1,125,248</u>
OPERATING EXPENSES:		
Cost of water purchased and sewage disposal	557,489	538,437
Operation and maintenance	471,629	459,986
General and administrative	517,403	378,056
Depreciation and amortization	<u>323,971</u>	<u>751,362</u>
TOTAL OPERATING EXPENSES	<u>1,870,492</u>	<u>2,127,841</u>
OPERATING LOSS	<u>(912,993)</u>	<u>(1,002,593)</u>
NONOPERATING REVENUES (EXPENSES):		
Developer fees		114,069
Connection fees	16,500	62,000
Special assessment revenue	65,221	53,607
Interest on assessments	78,221	82,708
Investment earnings	123,765	100,342
Interest expense	(136,410)	(137,892)
Loss on disposition of asset	<u>(17,500)</u>	<u> </u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>129,797</u>	<u>274,834</u>
CHANGE IN NET ASSETS	(783,196)	(727,759)
Prior year adjustment (Note 10)	(8,342,205)	7,470,855
NET ASSETS:		
Beginning of year	<u>15,629,399</u>	<u>8,886,303</u>
End of year	<u>\$ 6,503,998</u>	<u>\$ 15,629,399</u>

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

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended March 31, 2008
With Comparative Totals for the Year Ended March 31, 2007

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 1,027,609	\$ 1,102,603
Cash paid to suppliers and employees	<u>(1,735,171)</u>	<u>(1,248,172)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(707,562)</u>	<u>(145,569)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Cash received from developers for additional sewer capacity		75,076
Increase in debt for additional sewer capacity	45,287	(44,798)
Cash received for connection fees	<u>16,500</u>	<u>62,000</u>
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>61,787</u>	<u>92,278</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Special assessment revenue	150,302	29,540
Special assessment interest	78,221	82,708
Purchase of capital assets	(16,575)	(19,100)
Repayment of principal	(56,843)	(79,132)
Interest payments	<u>(136,410)</u>	<u>(137,892)</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>18,695</u>	<u>(123,876)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Transfer (to) from investments	637,115	(397,057)
Transfer from restricted investments	177,608	
Interest income	<u>123,765</u>	<u>100,342</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>938,488</u>	<u>(296,715)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	311,408	(473,882)
Cash and cash equivalents at beginning of year	<u>11,662</u>	<u>485,544</u>
Cash and cash equivalents at end of year	<u>\$ 323,070</u>	<u>\$ 11,662</u>

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

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

**For the Year Ended March 31, 2008
With Comparative Totals for the Year Ended March 31, 2007**

**RECONCILIATION OF NET OPERATING LOSS TO NET CASH
USED IN OPERATING ACTIVITIES**

	<u>2008</u>	<u>2007</u>
NET OPERATING LOSS	\$ (912,993)	\$ (1,002,593)
Adjustments to reconcile net operating loss to net cash provided by operating activities		
Depreciation expense	323,971	751,362
(Increase) decrease in:		
Accounts receivable	32,790	903
Due from other funds	(126,446)	(12,454)
Due from fiduciary funds	43,447	
Due from other governments	(6,127)	(11,094)
Inventory	16,575	(16,900)
Increase (decrease) in:		
Accounts payable and other liabilities	4,579	74,930
Due to other funds	(83,358)	70,277
 TOTAL ADJUSTMENTS	 <u>205,431</u>	 <u>857,024</u>
 NET CASH USED IN OPERATING ACTIVITIES	 <u>\$ (707,562)</u>	 <u>\$ (145,569)</u>

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

AUGUSTA CHARTER TOWNSHIP
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
March 31, 2008
With Comparative Totals for March 31, 2007

	Agency Funds	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Cash and cash equivalents	\$ 687,426	\$ 778,926
Investments	23,345	13,230
Due from developers	<u>227,245</u>	<u>83,397</u>
TOTAL ASSETS	<u>\$ 938,016</u>	<u>\$ 875,553</u>
LIABILITIES:		
Due to other funds	\$ 558,976	\$ 383,501
Due to other taxing units	<u>379,040</u>	<u>492,052</u>
TOTAL LIABILITIES	<u>\$ 938,016</u>	<u>\$ 875,553</u>

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

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Local sources	\$ 505,760	\$ 519,478	\$ 520,203	\$ 725
State sources	<u>331,500</u>	<u>331,500</u>	<u>330,285</u>	<u>(1,215)</u>
TOTAL REVENUES	<u>837,260</u>	<u>850,978</u>	<u>850,488</u>	<u>(490)</u>
EXPENDITURES:				
General government:				
Board of trustees	323,170	284,494	355,942	(71,448)
Supervisor	45,466	45,466	45,420	46
Treasurer	60,207	60,607	56,381	4,226
Assessor	56,050	56,050	53,660	2,390
Board of review	540	540	1,032	(492)
Clerk	49,935	53,974	52,492	1,482
Elections	6,877	19,894	13,846	6,048
Township hall	12,800	12,800	13,927	(1,127)
Other	<u>20,000</u>	<u>20,000</u>	<u>20,345</u>	<u>(345)</u>
TOTAL GENERAL GOVERNMENT	<u>575,045</u>	<u>553,825</u>	<u>613,045</u>	<u>(59,220)</u>
PUBLIC WORKS:				
Drains at large	85,000	85,000	56,260	28,740
Road improvement	<u>150,000</u>	<u>150,000</u>	<u>63,614</u>	<u>86,386</u>
TOTAL PUBLIC WORKS	<u>235,000</u>	<u>235,000</u>	<u>119,874</u>	<u>115,126</u>
COMMUNITY AND ECONOMIC DEVELOPMENT:				
Planning and zoning	25,597	25,597	34,550	(8,953)
Economic development	<u> </u>	<u> </u>	<u>42,767</u>	<u>(42,767)</u>
TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT	<u>25,597</u>	<u>25,597</u>	<u>77,317</u>	<u>(51,720)</u>
OTHER:				
Capital outlay	<u>1,618</u>	<u>36,556</u>	<u>16,012</u>	<u>20,544</u>
TOTAL OTHER	<u>1,618</u>	<u>36,556</u>	<u>16,012</u>	<u>20,544</u>
TOTAL EXPENDITURES	<u>837,260</u>	<u>850,978</u>	<u>826,248</u>	<u>24,730</u>
CHANGE IN FUND BALANCE	-	-	24,240	24,240
FUND BALANCE:				
Beginning of year			<u>194,398</u>	
End of year			<u>\$ 218,638</u>	

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

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

FIRE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Local sources	\$ 403,000	\$ 403,000	\$ 429,859	\$ 26,859
State sources	<u>4,000</u>	<u>4,000</u>	<u> </u>	<u>(4,000)</u>
TOTAL REVENUES	<u>\$ 407,000</u>	<u>\$ 407,000</u>	<u>\$ 429,859</u>	<u>\$ 22,859</u>
EXPENDITURES:				
Salaries and wages	122,300	122,300	130,063	(7,763)
Fringe benefits	19,700	19,700	26,776	(7,076)
Supplies and other	35,600	35,600	35,808	(208)
Repairs and maintenance	43,000	43,000	29,207	13,793
Contracted services	28,700	28,700	27,927	773
Dues and mileage	3,000	3,000	1,010	1,990
Communications	21,500	21,500	15,074	6,426
Utilities	7,300	7,300	6,964	336
Overhead expenses	19,364	19,364	19,022	342
Capital outlay	<u>106,536</u>	<u>106,536</u>	<u>343,726</u>	<u>(237,190)</u>
TOTAL EXPENDITURES	<u>407,000</u>	<u>407,000</u>	<u>635,577</u>	<u>(228,577)</u>
CHANGE IN FUND BALANCE	-	-	(205,718)	(205,718)
FUND BALANCE:				
Beginning of year			<u>278,225</u>	
End of year			<u>\$ 72,507</u>	

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

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

POLICE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Local sources	\$ 278,500	\$ 278,500	\$ 211,811	\$ (66,689)
EXPENDITURES:				
Contracted services	230,000	230,000	256,270	(26,270)
Overhead expenses	19,364	19,364	19,022	342
Capital outlay	<u>29,136</u>	<u>29,136</u>	<u> </u>	<u>29,136</u>
TOTAL EXPENDITURES	<u>278,500</u>	<u>278,500</u>	<u>275,292</u>	<u>3,208</u>
CHANGE IN FUND BALANCE	-	-	(63,481)	(63,481)
FUND BALANCE:				
Beginning of year			<u>313,591</u>	
End of year			<u>\$ 250,110</u>	

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

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

ENVIRONMENTAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:				
Local sources	\$ _____	\$ _____	\$ 11,381	\$ 11,381
CHANGE IN FUND BALANCE	-	-	11,381	11,381
FUND BALANCE:				
Beginning of year			<u>255,922</u>	
End of year			<u>\$ 267,303</u>	

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

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

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 changes in net assets) 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.

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, 2008

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.

The government reports the following major governmental funds:

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 *Fire Fund* accounts for financial resources of the Township's Fire Department.

The *Police Fund* accounts for the financial resources of the Township's Police Department.

The *Environmental Fund* accounts for financial resources raised for the legal defense and related research costs pertaining to significant environmental threats in Augusta Township.

The government reports the following major proprietary fund:

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

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.

AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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* included 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.

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.

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2008.

Personal property taxes receivable is shown net of an allowance for uncollectibles.

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, 2007 are revenues in the Township's fiscal year ended March 31, 2008.

The Township had a general tax millage of .8188 for 2007. The Township's maximum allowable millage is 1.0 mills. The Township had a police department millage of .9245 and a fire department millage of 1.8747 for 2007.

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.

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.

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Inventories and prepaid items

Inventories are state 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. Restricted assets

Certain proceeds from developers are classified as restricted assets on the balance sheet because their use is limited to making payments toward the cost of an additional sewer capacity lease.

5. 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.

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

6. 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.

7. 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 tentative plan, that is subject to change, of the current board of trustees to construct a fire hall.

The government-wide statement of net assets reports \$322,617 of restricted net assets of which \$322,617 is restricted by enabling legislation.

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

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. Augusta Charter Township's fire fund incurred expenditures in excess of the amount appropriated for the year ended March 31, 2008.

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

	<u>Budgeted Amount</u>	<u>Actual</u>	<u>Variance</u>
Board of trustees	\$ 284,494	\$ 355,942	\$ (71,448)
Board of review	540	1,032	(492)
Township hall	12,800	13,927	(1,127)
Other	20,000	20,345	(345)
Planning and zoning	25,597	34,550	(8,953)
Economic development		42,767	(42,767)

In the fire fund, four expenditure functions exceeded appropriated amount as follows:

	<u>Budgeted Amount</u>	<u>Actual</u>	<u>Variance</u>
Salaries and wages	\$ 122,300	\$ 130,063	\$ (7,763)
Fringe benefits	19,700	26,776	(7,076)
Supplies and other	35,600	35,808	(208)
Capital outlay	106,536	343,726	(237,190)

In the police fund, one expenditure function exceeded appropriated amount as follows:

	<u>Budgeted Amount</u>	<u>Actual</u>	<u>Variance</u>
Contracted services	\$ 230,000	\$ 256,270	\$ (26,270)

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 to the activity level.

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 3. DEPOSITS AND INVESTMENTS

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, 2008, \$1,862,880 of the Township's bank balance of \$3,239,104 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$1,862,880</u>
--------------------------------	--------------------

Investments

The Township's investments include certificates of deposit, obligations of federal agencies and money market funds.

The Township's investments include \$51,024 invested in Michigan Governmental Money Market Funds held by JPMorgan Chase. The money market funds are rated Aaa by Moody's rating service. Eligible investments of the Michigan Governmental Money Market Fund include bonds, securities and other obligations issued by the U.S. Government or its agencies, certificates of deposit and time deposits of eligible financial institutions, share certificates of a state or federal credit union organized and authorized to operate in Michigan, commercial paper rated in the two highest rating agency classifications and mutual funds. The weighted average maturity of this money market fund is 31 days as of March 31, 2008.

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 535.66 days. The weighted average maturity of the proprietary funds obligations of federal agencies is 1,654 days. The weighted average maturity of the fiduciary funds certificates of deposits is 44 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, 2008, \$473,655 of the Township's investments of \$1,618,758 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, 2008, concentrations of 5% or higher include 6.28% of investments at Federal Home Loan Bank, 13.77% at Multi-Bank Securities, 6.19% at First Community Bank, 6.20% at Monroe Bank & Trust, 6.21% at Northstar Bank, 5.95% at Main Street Bank, 5.96% at First State Bank, 6.23% at Sturgis Federal Savings Bank, 5.65% at United Bank & Trust, 6.23% at Greenville Community Bank, 6.16% at Bank of Northern Michigan, 5.99% at Flagstar Bank FSB, 6.19% at Lasalle Bank, and 6.15% at Paramount Bank.

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 4. RECEIVABLES

Receivables as of March 31, 2008 for the Township's major funds and proprietary funds are as follows:

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Utility</u>	<u>Total</u>
Receivables:					
Taxes	\$ 2,738	\$ 3,647	\$ 2,521	\$	\$ 8,906
Accounts	9,140			525,994	535,134
Special assessments				1,214,541	1,214,541
Intergovernmental	<u>195,274</u>	<u>101,778</u>	<u>62,389</u>	<u>128,585</u>	<u>488,026</u>
Gross receivables	207,152	105,425	64,910	1,869,120	2,246,607
Less: allowance for uncollectibles	<u> </u>	<u> </u>	<u> </u>	<u>(382,788)</u>	<u>(382,788)</u>
Net total receivables	<u>\$ 207,152</u>	<u>\$ 105,425</u>	<u>\$ 64,910</u>	<u>\$1,486,332</u>	<u>\$1,863,819</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable (general fund)	\$ 1,363
Delinquent property taxes receivable (fire fund)	1,613
Delinquent property taxes receivable (police fund)	1,349
Developer receivable	<u>174,051</u>
Total deferred revenue for governmental funds	<u>\$ 178,376</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 5. CAPITAL ASSETS

Capital asset activity governmental and business-type activities follows:

	Beginning <u>Balance</u>	Primary Government		Ending <u>Balance</u>
		<u>Additions</u>	<u>Disposals</u>	
Governmental activities:				
Assets, not being depreciated – land	\$ 28,900	\$ _____	\$ -	\$ 28,900
Building 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			1,068,990
Leased property under capital leases	_____	359,738	_____	359,738
Depreciable capital assets	<u>1,505,062</u>	<u>359,738</u>	<u>-</u>	<u>1,864,800</u>
Less accumulated depreciation for:				
Buildings and improvements	71,547	2,000		73,547
Office furniture and equipment	40,318	2,335		42,653
Computers and software	14,257	3,752		18,009
Vehicles	15,000			15,000
Fire equipment	155,003	17,050		172,053
Fire vehicles	<u>966,577</u>	<u>33,191</u>	_____	<u>999,768</u>
Total accumulated depreciation	<u>1,262,702</u>	<u>58,328</u>	<u>-</u>	<u>1,321,030</u>
Less accumulated amortization for:				
Leased property under capital leases	_____	20,729	_____	20,729
Governmental activities net capital assets	<u>\$ 271,260</u>	<u>\$ 280,681</u>	<u>\$ -</u>	<u>\$ 551,941</u>

AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 5. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Primary Government</u>		<u>Ending Balance</u>
		<u>Additions</u>	<u>Disposals</u>	
Business-type activities:				
Assets not being depreciated – Land	\$ 17,500	\$ _____	\$ 17,500	\$ _____
Water system	8,504,243			8,504,243
Water meters and equipment	560,499	16,575		577,074
Sewer system	2,479,328			2,479,328
Sewer equipment	121,130			121,130
Bond issuance costs	<u>50,064</u>	_____	_____	<u>50,064</u>
Depreciable capital assets	<u>11,715,264</u>	<u>16,575</u>	<u>-</u>	<u>11,731,839</u>
Less accumulated depreciation for:				
Water system	2,861,240	212,606		3,073,846
Water meters and equipment	206,021	26,376		232,397
Sewer system	1,032,699	70,546		1,103,245
Sewer equipment	<u>43,904</u>	<u>13,192</u>	_____	<u>57,096</u>
Total accumulated depreciation	<u>4,143,864</u>	<u>322,720</u>	<u>-</u>	<u>4,466,584</u>
Accumulated amortization for bond issuance costs	<u>18,428</u>	<u>1,251</u>	_____	<u>19,679</u>
Business-type activities net capital assets	<u>\$ 7,570,472</u>	<u>\$ (307,396)</u>	<u>\$ 17,500</u>	<u>\$ 7,245,576</u>

Depreciation and amortization expense charged to functions is as follows:

	<u>2008</u>	<u>2007</u>
Governmental activities:		
General government	\$ 8,087	\$ 8,832
Public safety	<u>50,241</u>	<u>51,498</u>
Total depreciation - governmental activities	<u>\$ 58,328</u>	<u>\$ 60,330</u>
Governmental activities:		
General government	\$ 3,202	_____
Public safety	<u>17,527</u>	_____
Total amortization – governmental activities	<u>\$ 20,729</u>	<u>\$ _____</u>
Business-type activities:		
Utility	<u>\$ 323,971</u>	<u>751,362</u>
Total depreciation – business-type activities	<u>\$ 323,971</u>	<u>\$ 751,362</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

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. All balances at March 31, 2008 are expected to be repaid within the next fiscal year.

<u>Fund</u>	<u>Due From</u>	<u>Fund</u>	<u>Due To</u>
General	\$ 247,215	General	\$ 126,446
Fire	101,778	Fiduciary	558,976
Police	62,389	Fire	34,215
		Police	17,722
		Environmental	4
Utility	<u>327,392</u>	Utility	<u>1,411</u>
Totals	<u>\$ 738,774</u>		<u>\$ 738,774</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 7. LEASES

Operating lease – Business-Type activities

The Township has entered into a lease agreement with YCUA to obtain a temporary leasehold right of .8 MGD in treatment capacity in the existing WWTP. The lease term is 15 years, ending in December 2020, with payments of \$143,500 per year at 6% interest. The first two years of this lease shall be deferred and payable over 60 months beginning December 2007. The rental costs for the year ended March 31, 2008 were \$248,951. The respective estimated principal and interest requirements follow:

<u>Year ended March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 143,500	\$ 8,610	\$ 152,110
2010	143,500	8,610	152,110
2011	143,500	8,610	152,110
2012	143,500	8,610	152,110
2013	143,500	8,610	152,110
2014	143,500	8,610	152,110
2015	143,500	8,610	152,110
2016	143,500	8,610	152,110
2017	143,500	8,610	152,110
2018	143,500	8,610	152,110
2019	143,500	8,610	152,110
2020	143,500	8,610	152,110
2021	<u>143,500</u>	<u>8,610</u>	<u>152,110</u>
	<u>\$ 1,865,500</u>	<u>\$ 111,930</u>	<u>\$ 1,977,430</u>

<u>Year ended March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 24,770	\$ 29,541	\$ 54,311
2010	56,163	14,206	70,369
2011	59,626	10,742	70,368
2012	63,304	7,064	70,368
2013	67,209	3,160	70,369
2014	<u>15,928</u>	<u>130</u>	<u>16,058</u>
	<u>\$ 287,000</u>	<u>\$ 64,843</u>	<u>\$ 351,843</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 7. LEASES (Continued)

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>
2009	\$ 36,985	\$ 11,429	\$ 48,414
2010	38,683	9,731	48,414
2011	40,458	7,956	48,414
2012	42,315	6,099	48,414
2013	44,258	4,156	48,414
2014	<u>46,289</u>	<u>2,125</u>	<u>48,414</u>
	<u>\$ 248,988</u>	<u>\$ 41,496</u>	<u>\$ 290,484</u>

The Township has entered into a capital lease agreement with Bank of America for the purchase of a copier for the township hall in the amount of \$16,012 on October 10, 2007. The lease is thirty-six months, ending October 2010. Payments of \$468 are due at the beginning of each month. The respective principal and interest requirements follow:

<u>Year ended March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 5,220	\$ 393	\$ 5,613
2010	5,394	219	5,613
2011	<u>3,696</u>	<u>46</u>	<u>3,742</u>
	<u>\$ 14,310</u>	<u>\$ 658</u>	<u>\$ 14,968</u>

The Township has entered into a capital lease agreement with Bank of America for the purchase of a copier for the fire hall in the amount of \$2,270 on October 10, 2007. The lease term is thirty-six months, ending October 2010. Payments of \$67 are due at the beginning of each month. The respective principal and interest requirements follow:

<u>Year ended March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 737	\$ 66	\$ 803
2010	766	37	803
2011	<u>527</u>	<u>8</u>	<u>535</u>
	<u>\$ 2,030</u>	<u>\$ 111</u>	<u>\$ 2,141</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

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, 2008, the Township had an outstanding bond payable of \$1,850,000, which is recorded as a liability in the Utility Fund. Interest expense related to this bond for the year ended March 31, 2008 was \$98,574.

Debt service requirements at March 31, 2008 are as follows:

<u>Year ended March 31,</u>	<u>Interest rate</u>	<u>Principal Due April 1</u>	<u>Interest Due April 1</u>	<u>Interest Due October 1</u>	<u>Total</u>
2009	5.125	\$ 68,000	\$ 48,536	\$ 48,536	\$ 165,072
2010	5.125	68,000	46,752	46,752	161,504
2011	5.125	68,000	44,968	44,968	157,936
2012	5.125	68,000	43,183	43,184	154,367
2013	5.125	68,000	41,400	41,399	150,799
2014	5.125	68,000	39,616	39,616	147,232
2015	5.125	68,000	37,831	37,832	143,663
2016	5.125	68,000	36,048	36,047	140,095
2017	5.125	68,000	34,263	34,264	136,527
2018	5.125	68,000	32,480	32,479	132,959
2019	5.125	68,000	30,695	30,696	129,391
2020	5.125	68,000	28,912	28,911	125,823
2021	5.125	68,000	27,127	27,128	122,255
2022	5.125	69,000	25,343	25,343	119,686
2023	5.125	69,000	23,534	23,533	116,067
2024	5.125	69,000	21,723	21,723	112,446
2025	5.125	69,000	19,913	19,913	108,826
2026	5.125	69,000	18,102	18,103	105,205
2027	5.125	69,000	16,292	16,292	101,584
2028	5.125	69,000	14,482	14,482	97,964
2029	5.125	69,000	12,672	12,672	94,344
2030	5.125	69,000	10,862	10,861	90,723
2031	5.125	69,000	9,051	9,051	87,102
2032	5.125	69,000	7,241	7,241	83,482
2033	5.125	69,000	5,431	5,431	79,862
2034	5.125	69,000	3,621	3,621	76,242
2035	5.125	69,000	1,810	1,810	72,620
		<u>\$ 1,850,000</u>	<u>\$ 681,888</u>	<u>\$ 681,888</u>	<u>\$ 3,213,776</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

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. Interest expense related to this bond for the year ended March 31, 2008 was \$6,088. The principal and interest requirements at March 31, 2008 follow:

<u>Year ended</u> <u>March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 24,790	\$ 45,088	\$ 69,878
2010	26,250	43,996	70,246
2011	27,580	42,818	70,398
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	<u>28,986</u>	<u>713</u>	<u>29,699</u>
	<u>\$ 944,384</u>	<u>\$ 627,324</u>	<u>\$ 1,571,708</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

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, 2008:

	<u>Bonds</u>	<u>YCUA Contract</u>	<u>Capital Leases</u>	<u>Total</u>
Balance April 1, 2007	\$ 1,918,000	\$ 986,576	\$	\$ 2,904,576
Additions			359,738	359,738
Deletions	<u>(68,000)</u>	<u>(42,192)</u>	<u>(94,410)</u>	<u>(204,602)</u>
Balance March 31, 2008	1,850,000	944,384	265,328	3,059,712
Less: current portion	<u>68,000</u>	<u>24,790</u>	<u>42,942</u>	<u>135,732</u>
Total due after one year	<u>\$ 1,782,000</u>	<u>\$ 919,594</u>	<u>\$ 222,386</u>	<u>\$ 2,923,980</u>

The debt service requirements of governmental activities at March 31, 2008 are as follows:

<u>Year ended March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 92,790	\$ 142,160	\$ 234,950
2010	94,250	137,500	231,750
2011	95,580	132,754	228,334
2012	96,851	127,942	224,793
2013	98,336	123,054	221,390
2014 – 2018	517,312	358,609	875,921
2019 – 2023	542,586	269,568	812,154
2024 – 2028	586,137	168,884	755,021
2029 – 2033	532,542	68,149	600,691
2034 – 2035	<u>138,000</u>	<u>5,431</u>	<u>143,431</u>
	<u>\$ 2,794,384</u>	<u>\$ 1,534,051</u>	<u>\$ 4,328,435</u>

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.

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 10. PRIOR PERIOD ADJUSTMENT

Amounts in prior periods were not properly recorded, thus an adjustment to the proprietary fund beginning net assets is necessary to restate net assets to the amount it would have been had the items been recorded properly. Because such amounts are the product of errors from a prior period, they are not included as a part of the results of operations of the current period, even though they are reported in the current period. Beginning net assets were decreased by \$8,342,205 due to a miscommunication in the valuation of capital assets.

NOTE 11. RESTRICTED ASSETS

At March 31, 2008, the Township held assets restricted for making payments on an additional sewer capacity lease. The restricted assets are classified as cash and cash equivalents.

NOTE 12. 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). Augusta Charter 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. Augusta Charter Township made contributions of \$24,335 for the year ended March 31, 2008.

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 no employee contributions made for the year ended March 31, 2008.

NOTE 13. SUBSEQUENT EVENTS

After March 31, 2008, but before the issuance of this report, the Township settled two of its lawsuits. As a result of one settlement the Township will have to pay \$11,171 for the plaintiff's legal expenses. As a result of the other settlement the Township will have to pay \$4,368 to the State of Michigan's Unemployment Insurance Agency as the Township is a reimbursing employer. Both amounts are included in accounts payable in the general fund.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Augusta Charter Township
Washtenaw County, Michigan

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Augusta Charter Township, as of and for the year ended March 31, 2008, which collectively comprise Augusta Charter Township's basic financial statements and have issued our report thereon dated September 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Augusta Charter Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Township's

Augusta Charter Township
Washtenaw County, Michigan

financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control over financial reporting. We considered the deficiencies described as 2008-1 through 2008-5 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2008-5 to be a material weakness.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Augusta Charter Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Augusta Charter Township in a separate letter dated September 19, 2008.

August Charter Township's response to the findings identified in our audit are described in the accompanying schedule of findings and response. We did not audit Augusta Charter Township's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of Augusta Charter Township, management, Departments of the State of Michigan, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robertson, Eaton & Owen, P.C.

Adrian, Michigan
September 19, 2008

AUGUSTA CHARTER TOWNSHIP
SCHEDULE OF FINDINGS AND RESPONSES
MARCH 31, 2008

Finding 2008-1

Finding considered a significant deficiency

Criteria:

Effective for the year ended March 31, 2008, Statement on Auditing Standards No.112 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2007), 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

Segregation of duties would provide another measure of internal control to provide the ability of the Township to determine, in a reasonable amount of time, whether all transactions initiated are recorded and reported timely and accurately.

Recommendation

The Township should consider adding additional personnel in order to segregate duties.

Client Response

We are aware of this deficiency and the Township will explore possibilities to achieve greater segregation of duties.

AUGUSTA CHARTER TOWNSHIP
SCHEDULE OF FINDINGS AND RESPONSES
MARCH 31, 2008

Finding 2008-2

Finding considered a significant deficiency

Criteria:

Effective for the year ended March 31, 2008, Statement on Auditing Standards No.112 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2007), 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 is required to adopt a budget for all major funds. The budget should be adopted at a minimum level of appropriation. This is usually at the major revenue category and expenditure functional level. Each of the expenditure function levels should not be overspent.

Cause

The administration of the Township understands the requirement, and annually prepares the budget which is approved by the Township. In March of the fiscal year, administration prepares amended budgets to be approved by the Township. The amended budget discloses estimated expenditures at the functional level.

Effect

The budget must be amended before year end, the timing of which resulted in several functional expenditures being over expended at year end. In addition, fire fund expenditures exceeded appropriations.

Recommendation

That the administration determine prior to the amendment of the appropriations, that the information is complete including adjusting entries to record the year end accruals.

Client Response

At the time of amendments, the appropriations and expenditures are adjusted as accurately as possible. The Township knows of no way to assure that the expenditures are exact when the final revenues and expenses are not known until later. The Township does, however, assure that every attempt to be as accurate as possible will be taken.

AUGUSTA CHARTER TOWNSHIP
SCHEDULE OF FINDINGS AND RESPONSES
MARCH 31, 2008

Finding 2008-3

Finding considered a significant deficiency

Criteria:

Effective for the year ended March 31, 2008, Statement on Auditing Standards No.112 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2007), requires us to communicate in writing to management and those charged with governance, significant deficiencies and material weaknesses identified in an audit.

Condition

Delinquent personal property taxes and manufactured home fees collected by the Township have not been paid out to other taxing entities.

Cause

Limited resources in the Treasurer's office.

Effect

Noncompliance with the Township's policy and state statute (MCL 211.56).

Recommendation

Review cash receipts weekly to determine whether payments from the tax collection bank account should be made to other taxing entities.

Client Response

The Township will investigate this issue and make any necessary disbursements as soon as possible.

AUGUSTA CHARTER TOWNSHIP
SCHEDULE OF FINDINGS AND RESPONSES
MARCH 31, 2008

Finding 2008-4

Finding considered a significant deficiency

Criteria:

Effective for the year ended March 31, 2008, Statement on Auditing Standards No.112 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2007), requires us to communicate in writing to management and those charged with governance, significant deficiencies and material weaknesses identified in an audit.

Condition

Electronic transfers between the Township's bank accounts are made without prior board approval.

Cause

There is not a board policy to address the electronic transfer approval process.

Effect

There are no checks and balances for certain bank accounts.

Recommendation

Establish a board policy to address the proper controls needed over the electronic transfer process.

Client Response

The board will move to adopt a policy to address controls related to electronic transfers.

AUGUSTA CHARTER TOWNSHIP
SCHEDULE OF FINDINGS AND RESPONSES

MARCH 31, 2008

Finding 2008-5

Finding considered a material weakness

Criteria:

Effective for the year ended March 31, 2008, Statement on Auditing Standards No.112 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2007), requires us to communicate in writing to management and those charged with governance, significant deficiencies and material weaknesses identified in an audit.

Condition

There is no policy for electronic transfers between bank accounts.

Cause

The board has not adopted such a policy.

Effect

There are no controls over the electronic transfer process.

Recommendation

Adopt a board policy to address the approval process, documentation requirements and authorized transferors to achieve desired controls over electronic transfer procedures.

Client Response

The board will adopt a policy to address controls related to electronic transfers.

To the Board of Trustees
Augusta Charter Township
Whittaker, Michigan

In planning and performing our audit of the financial statements of the Augusta Charter Township as for the year ended March 31, 2008, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 19, 2008 on the financial statements of Augusta Charter Township. We will review the status of these comments during our next audit engagement.

Our comments and recommendations are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

CURRENT YEAR COMMENTS

Budget amendments

We recommend making budget amendments close to year end that more accurately reflect expected revenues and expenditures. We analyze budget to actual differences while performing our auditing procedures.

Tax rate ordinance

The Township board must adopt a resolution to establish millage rates as stated in the following excerpt from the State of Michigan's General Property Tax Act (Act 206 of 1893). "The proposed additional millage rate, which is required by subsection (6) to be part of the notice of the public hearing, shall be established by a resolution adopted by the governing body of the taxing unit before conducting the public hearing."

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To the Board of Trustees
Augusta Charter Township
Whittaker, Michigan

Year End Procedures

In order to effectively and efficiently perform audit procedures, all information regarding year end account balances must be compiled and available to us during our scheduled final field work dates.

This report is intended solely for the information and use of Augusta Charter Township, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Robertson, Eaton & Owen, P.C.
September 19, 2008