

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2010

**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, 2010

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, 2010. We encourage readers to consider the information presented here.

Financial Highlights

- The Township experienced a decline in taxable value of seven (7) percent from the previous year. The Township is anticipated to experience a decline in growth of taxable values of five (5) percent next year.
- State Shared Revenues declined eleven (11) for the year ending March 31, 2010. The State Shared Revenues for the year ending March 31, 2010 will be impacted by the actual 2010 Census population count due to be released in April 2011 and expected to remain at current levels at this time.
- Overall new zoning and planning applications decreased by forty four (44) percent. Applications for new single family homes declined by fifty (50) percent from the prior year ending March 31, 2009.
- Single family home applications were two (2), four (4), nine (9) and thirty-six (36) for years ending March 31, 2010, 2009, 2008 and 2007 respectively.
- Uncollected developer review fee and utility receivables were written off as prior period adjustments for the year ending March 31, 2009 of \$190,000. Additionally, deferred revenue write offs from prior years and expired development applications credits totaling \$260,000 resulted in a net prior year fund balance adjustment of \$54,540.

Governmental activities:

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

Business-type activities:

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

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the year ended March 31, 2010. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements can be found on pages 3 – 4 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, 2010. Such information may be useful in evaluating a government's near-term financing requirements.

The Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, fire fund, police fund and environmental fund which are considered to be major funds.

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

The basic governmental fund financial statements can be found on pages 5 – 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 9 - 12 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 13 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 14 - 30 of this report.

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.

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 \$7,415,891 at the close of the year ended March 31, 2010.

By far the largest portion of the Township's net assets (66 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.

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	\$ 768,313	\$ 2,928,879	\$ 3,697,192
Capital assets	392,858	6,785,297	7,178,155
Total assets	\$ 1,161,171	\$ 9,714,176	\$ 10,875,347
Long term liabilities outstanding	\$ 177,543	\$ 2,091,311	\$ -
Other liabilities	43,457	1,147,145	1,190,602
Total liabilities	221,000	3,238,456	1,190,602
Net assets:			
Invested in capital assets, net of related debt	215,315	4,693,986	4,909,301
Restricted	650,006	-	650,006
Unrestricted	74,850	1,781,734	1,856,584
Total net assets	\$ 940,171	\$ 6,475,720	\$ 7,415,891

An additional portion of the Township's net assets (9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$1,856,584 may be used to meet the government's ongoing obligations to citizens and creditors.

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

Augusta Charter Township's Statement of Activities

	Governmental Activities	Business-type Activities	Total
Program revenues:			
Charges for services:			
General government	\$ 16,030	\$ -	\$ 16,030
Public safety	10,573	-	10,573
Utility	-	1,143,430	1,143,430
Operating grants:			
Public safety	500	-	500
Capital grants:			
Utility	-	140,677	140,677
Total program revenues	<u>27,103</u>	<u>1,284,107</u>	<u>1,311,210</u>
General revenues:			
Property taxes	681,143	-	681,143
Investment earnings	133	20,844	20,977
Franchise fees	32,887	-	32,887
State revenue sharing	300,218	-	300,218
Other	105,183	6,243	111,426
Total general revenues	<u>1,119,564</u>	<u>27,087</u>	<u>1,146,651</u>
Total revenues	<u>1,146,667</u>	<u>1,311,194</u>	<u>2,457,861</u>
Expenses:			
General government	443,649	-	443,649
Public safety	540,271	-	540,271
Public works	97,911	-	97,911
Community and economic development	14,310	-	14,310
Utility	-	1,314,422	1,314,422
Total expenses	<u>1,096,141</u>	<u>1,314,422</u>	<u>2,410,563</u>
Change in net assets	50,526	(3,228)	47,298
Net assets, beginning of year	<u>889,645</u>	<u>6,478,948</u>	<u>7,368,593</u>
Net assets, end of year	<u>\$ 940,171</u>	<u>\$ 6,475,720</u>	<u>\$ 7,415,891</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, 2010, the Township's governmental funds reported combined ending fund balances of \$720,633. Special Revenue Funds have \$650,006 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 \$70,627. 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 \$47,404 during the year ended March 31, 2010.

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 \$1,781,734. The total decrease in net assets for the fund was \$3,228.

General Fund Budgetary Highlights

The General Fund obligated tax revenues of approximately \$150,000 to pay for one Washtenaw County Sheriff Deputy through December 31, 2009 subsequent to the Police millage failure. The General Fund will also make monthly payments to repay the USDA Special Assessment Water District account over the next 30 years for monies borrowed to payoff the YCUA Sewage Capacity Lease contract obligation of \$2.3 million which was to have been paid by developers.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2010, amounts to \$7,178,155 (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, 2010 were:

- Water meters, \$15,111, reported in the business-type activities.
- Equipment, \$17,500 reported in the business-type activities.
- Behmis road additions, \$135,120, reported in the business-type activities.

Augusta Charter Township's Capital Assets

	Business-type		Total
	Governmental Activities	Activities	
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
Water system and equipment	-	9,267,263	9,267,263
Sewer system and equipment	-	2,600,458	2,600,458
Bond issuance costs	-	50,064	50,064
	<u>\$ 1,533,962</u>	<u>\$ 11,917,785</u>	<u>\$ 13,451,747</u>

Additional information on the Township's capital assets can be found in Note 5 on pages 27 and 28.

Long-term debt. At the year ended March 31, 2010, the Township had total bonded and contract debt outstanding of \$2,091,311. Of this amount, \$893,344 comprises debt backed by the full faith and credit of the government. The remainder of the Township's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

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

	Business-type		Total
	Governmental Activities	Activities	
General obligation bonds	\$ -	\$ 893,344	\$ 893,344
Revenue bonds	-	1,197,967	1,197,967
Total	<u>\$ -</u>	<u>\$ 2,091,311</u>	<u>\$ 2,091,311</u>

Additional information on the Township's long-term debt can be found in Note 8 on pages 32 – 34 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 Michigan's overall economy.
- The Township continues to pursue the sale of two (2) Township properties with the proceeds to be used for the purpose of funding a new Fire Building. One parcel, originally identified as a future fire department site had been determined to be too small a parcel to fit the township's current needs.

Requests for Information

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

September 17, 2010

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, 2010, 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, 2010, 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 17, 2010 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 17, 2010

Augusta Charter Township
Washtenaw County, Michigan

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i through vii and 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Robertson, Eaton & Owen, P.C.

AUGUSTA CHARTER TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2010
WITH COMPARATIVE TOTALS FOR MARCH 31, 2009

	Governmental Activities	Business-Type Activities	Total	
			2010	2009
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 971,642	\$ 161,005	\$ 1,132,647	\$ 1,258,371
Investments	-	935,508	935,508	1,168,542
Taxes receivable	-	-	-	11,432
Accounts receivable	14,463	235,259	249,722	234,162
Special assessment receivable	-	1,082,258	1,082,258	1,143,957
Contract receivable	(299,762)	299,762	-	-
Interfund activity	(26,124)	26,124	-	-
Due from fiduciary funds	4,201	98,007	102,208	306,808
Due from other governmental units	101,393	39,947	141,340	195,152
Prepaid expenses	2,500	-	2,500	4,180
Inventory	-	39,764	39,764	54,875
YCUA deposits	-	11,245	11,245	11,245
Total Current Assets	768,313	2,928,879	3,697,192	4,388,724
Capital assets:				
Capital assets	1,533,962	11,867,721	13,401,683	13,233,952
Less: accumulated depreciation	(1,404,509)	(5,110,305)	(6,514,814)	(6,163,757)
Leased property under capital leases	359,738	-	359,738	359,738
Less: accumulated amortization	(96,333)	-	(96,333)	(58,531)
Bond issuance costs	-	50,064	50,064	50,064
Less: accumulated amortization	-	(22,183)	(22,183)	(20,931)
Total Capital Assets	392,858	6,785,297	7,178,155	7,400,535
Total assets	\$ 1,161,171	\$ 9,714,176	\$ 10,875,347	\$ 11,789,259
LIABILITIES:				
Current Liabilities:				
Accounts payable	\$ 22,114	\$ 64,887	\$ 87,001	\$ 127,612
Due to other governmental units	-	-	-	1,268
Due to Fiduciary Funds	15,837	-	15,837	-
Salaries payable	2,238	-	2,238	10,827
Accrued expenses	3,268	-	3,268	-
Deferred revenue	-	1,082,258	1,082,258	1,325,662
Current portion of contract payable	44,681	27,580	72,261	71,093
Current portion of long term obligations	-	47,000	47,000	68,000
Total Current Liabilities	88,138	1,221,725	1,309,863	1,604,462
Noncurrent liabilities:				
Noncurrent portion of contract payable	132,862	865,764	998,626	1,070,887
Noncurrent portion of long term obligations	-	1,150,967	1,150,967	1,714,000
Total Noncurrent Liabilities	132,862	2,016,731	2,149,593	2,784,887
Total liabilities	221,000	3,238,456	3,459,456	4,389,349
NET ASSETS:				
Invested in capital assets, net of related debt	215,315	4,693,986	4,909,301	4,476,555
Restricted for:				
Fire department	346,550	-	346,550	325,696
Environmental Fund	267,359	-	267,359	267,303
Capital Projects	36,097	-	36,097	34,563
Unrestricted	74,850	1,781,734	1,856,584	2,264,476
Total net assets	\$ 940,171	\$ 6,475,720	\$ 7,415,891	\$ 7,368,593

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

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

Functions/programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 443,649	\$ 16,030	\$ -	\$ -	\$ (427,619)	\$ -	\$ (370,209)
Public safety	540,271	10,573	500	-	(529,198)	-	(1,065,413)
Public works	97,911	-	-	-	(97,911)	-	(155,211)
Community and economic development	14,310	-	-	-	(14,310)	-	(24,864)
Total governmental activities	1,096,141	26,603	500	-	(1,069,038)	-	(1,615,697)
Business-type activities:							
Water	1,314,422	1,143,430	-	140,677	-	(30,315)	(309,940)
Utility	1,314,422	1,143,430	-	140,677	-	(30,315)	(309,940)
Total business-type activities	2,628,844	2,286,860	-	281,354	-	(60,630)	(619,880)
Total government	\$ 2,410,563	\$ 1,170,033	\$ 500	\$ 140,677	\$ (1,069,038)	\$ (30,315)	\$ (1,925,637)
General revenues:							
Property taxes		\$ 681,143			\$ -	\$ 681,143	\$ 715,139
Investment earnings		133			20,844	20,977	85,639
Franchise fees		32,887			-	32,887	29,919
State revenue sharing		300,218			-	300,218	330,317
Other		105,183			6,243	111,426	283,750
Loss on disposal of capital asset		-			-	-	-
Total general revenues		1,119,564			27,087	1,146,651	1,444,764
Change in net assets		50,526			(3,228)	47,298	(480,873)
Total net assets - beginning of year		889,645			6,478,948	7,368,593	7,849,466
Total net assets - end of year		\$ 940,171			\$ 6,475,720	\$ 7,415,891	\$ 7,368,593

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

**AUGUSTA CHARTER TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2010
WITH COMPARATIVE TOTALS FOR MARCH 31, 2009**

	General	Other Nonmajor Governmental Funds	Total Governmental Funds	
			2010	2009
ASSETS:				
Cash and cash equivalents	\$ 355,003	\$616,639	\$ 971,642	\$ 938,068
Taxes receivable	-	-	-	11,432
Accounts receivable	8,575	5,888	14,463	5,554
Due from other governmental funds	3,077	-	3,077	70,406
Due from proprietary funds	-	-	-	1,452
Due from fiduciary funds	3,918	283	4,201	145,203
Due from other governmental units	66,470	34,923	101,393	115,101
Prepaid expenditures	-	2,500	2,500	4,180
Total assets	<u>\$ 437,043</u>	<u>\$660,233</u>	<u>\$ 1,097,276</u>	<u>\$ 1,291,396</u>
LIABILITIES:				
Accounts payable	\$ 18,590	\$ 3,524	\$ 22,114	\$ 49,664
Due to other funds	-	3,077	3,077	70,406
Due to proprietary funds	26,124	-	26,124	460,348
Due to other governmental units	-	-	-	1,268
Due to Fiduciary Funds	15,837	-	-	-
Salaries payable	2,238	-	2,238	10,827
Contract payable	303,458	527	303,985	10,383
Accrued expenditures	169	3,099	3,268	-
Deferred revenue	-	-	-	5,497
Total liabilities	<u>\$ 366,416</u>	<u>\$ 10,227</u>	<u>\$ 360,806</u>	<u>\$ 608,393</u>
FUND BALANCES:				
Reserved for:				
Taxes receivable	\$ -	\$ -	\$ -	\$ -
Unreserved, designated for:				
Fire building	-	-	-	35,463
Unreserved, undesignated in:				
General fund	70,627	-	70,627	23,223
Fire fund	-	650,006	650,006	325,696
Environmental fund	-	-	-	267,304
Total fund balance	<u>70,627</u>	<u>650,006</u>	<u>720,633</u>	<u>651,686</u>
Total liabilities & fund balance	<u>\$ 437,043</u>	<u>\$ 660,233</u>	<u>\$ 1,081,439</u>	<u>\$ 1,260,079</u>

**AUGUSTA CHARTER TOWNSHIP
RECONCILIATIONS OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATE OF NET ASSETS
MARCH 31, 2010
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2009**

	2010	2009
Total governmental fund balances	\$ 720,633	\$ 683,003
Amount reported for governmental activities in the statement Of net assets are different because:		
Capital assets used in the governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital asset is	1,533,962	1,533,962
The accumulated depreciation is	(1,404,509)	(1,374,824)
Leased property under capital leases is	359,738	359,738
The accumulated amortization is	(96,333)	(58,531)
Contract payable not included in the Governmental Funds	(173,320)	460,345
Payment on contract not expense in Governmental Funds	-	(222,386)
Total net assets of governmental activities	\$ 940,171	\$ 920,962

AUGUSTA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
MARCH 31, 2010
WITH COMPARATIVE TOTALS FOR MARCH 31, 2009

	<u>General</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>	
			<u>2010</u>	<u>2009</u>
REVENUES:				
Local sources:				
Property taxes	\$ 268,419	\$412,724	\$ 681,143	\$ 718,808
Franchise fees	32,887	-	32,887	29,919
Investment earnings	-	133	133	9,840
Charges for services	16,030	10,573	26,603	59,454
Donations	-	500	500	801
Other	103,977	1,206	105,183	27,028
Total local sources	421,313	425,136	846,449	845,850
State sources	298,218	2,000	300,218	330,317
Federal sources	-	-	-	2,349
Total revenues	719,531	427,136	1,146,667	1,178,516
EXPENDITURES:				
Current:				
General government	444,952	-	444,952	407,792
Public safety	114,954	366,910	481,864	998,483
Public works	97,911	-	97,911	155,211
Community & economic development	14,310	-	14,310	24,864
Capital outlay	-	-	-	-
Total expenditures	672,127	366,910	1,039,037	1,586,350
Excess (deficiency) of revenues over (under) expenditures	47,404	60,226	107,630	(407,834)
Other financing sources (uses):				
Redemption of principal	-	(38,683)	(38,683)	-
Total other financing sources	-	(38,683)	(38,683)	-
Change in fund balances	47,404	21,543	68,947	(407,834)
Total fund balances - beginning of year	23,223	628,463	651,686	1,059,520
Total fund balances - end of year	<u>\$ 70,627</u>	<u>\$ 650,006</u>	<u>\$ 720,633</u>	<u>\$ 651,686</u>

**AUGUSTA CHARTER TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
MARCH 31, 2010
WITH COMPARATIVE TOTALS FOR MARCH 31, 2009**

	2010	2009
Change in fund balances total governmental funds	\$ 68,947	\$ (407,834)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>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:</p>		
Depreciation expense	(29,685)	(53,794)
Amortization expense on leased property	(37,802)	(37,802)
Capital outlay	-	-
Principal paid on debt	49,066	-
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.</p>		
Amount due from the Washtenaw County Drain Commission-beginning of year	-	-
Amount due for personal property taxes-end of year	-	-
Amount due for personal property taxes-beginning of year	-	(3,669)
Amount due for cost recovery for fire services-end of year	-	-
Amount due for cost recovery for fire services-beginning of year	-	(355)
Change in net assets of governmental activities	\$ 50,526	\$ (503,454)

**AUGUSTA CHARTER TOWNSHIP
STATEMENT OF NET ASSETS
PROPRIETARY FUND
MARCH 31, 2010
WITH COMPARATIVE TOTALS FOR MARCH 31, 2009**

ASSETS:	Totals	
	2010	2009
Current assets:		
Cash and cash equivalents	\$ 161,005 ✓	\$ 320,303
Investments	935,508 ✓	1,168,542
Receivables net of allowances for uncollectible accounts	235,259	168,715
Current portion of special assessment receivable	44,487 ✓	44,487
Current portion of contract receivable	12,012	-
Due from governmental funds	26,124 ✓	417,675
Due from fiduciary funds	98,007 ✓	98,345
Due from other governmental units	39,947 ✓	80,051
Inventory	39,764 ✓	54,875
Noncurrent assets:		
Restricted assets	-	-
YCUA deposits	11,245 ✓	11,245
Special assessment receivable	1,037,771 ✓	1,099,470
Contract receivable	287,750	-
Land	-	-
Water system	8,639,363	8,504,243
Water meters and equipment	627,900	595,289
Sewer system	2,479,328	2,479,328
Sewer equipment	121,130	121,130
Less: accumulated depreciation	(5,110,305)	(4,788,933)
Bond issuance costs	50,064	50,064
Accumulated amortization	(22,183)	(20,931)
Total assets	\$ 9,714,176	\$ 10,403,898
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 64,887	\$ 77,948
Interest payable	-	-
Salaries payable	-	-
Accrued liabilities	-	-
Due to other funds	-	1,452
Current portion of deferred special assessment receivable	44,487	44,487
Current portion of YCUA contract	27,580	26,250
Current portion of bond payable	47,000	68,000
Total current liabilities	183,954	218,137
Noncurrent liabilities:		
Deferred special assessment revenue	1,037,771	1,099,469
Noncurrent portion of YCUA contract	865,764	893,344
Noncurrent portion of bond payable	1,150,967	1,714,000
Total liabilities	3,238,456	3,924,950
NET ASSETS:		
Invested in capital assets, net of related debt	4,693,986	4,238,596
Restricted for debt service	-	-
Unrestricted	1,781,734	2,240,352
Total net assets	\$ 6,475,720	\$ 6,478,948

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

**AUGUSTA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN NET ASSETS
PROPRIETARY FUND
MARCH 31, 2010
WITH COMPARATIVE TOTALS FOR MARCH 31, 2009**

	Total	
	2010	2009
Operating revenue:		
Water and sewer usage	\$ 1,121,045	\$ 1,055,312
Charges for services	22,385	41,675
Other	6,243	5,332
	<u>1,149,673</u>	<u>1,102,319</u>
Total operating revenues		
Operating expenses:		
Cost of water purchased and sewage disposal	488,054	559,120
Operation and maintenance	259,383	351,124
General and administrative	127,385	179,636
Depreciation and amortization	322,624	323,601
	<u>1,197,446</u>	<u>1,413,481</u>
Total operating expenses		
Operating loss	<u>(47,773)</u>	<u>(311,162)</u>
Nonoperating revenues (expenses):		
Termination of YCUA lease	-	251,390
Connection fees	6,433	13,000
Special assessment revenue	61,700	70,584
Interest on assessments	72,544	75,234
Investment earnings	20,844	75,799
Interest expense	(116,976)	(152,264)
	<u>44,545</u>	<u>333,743</u>
Total nonoperating revenues (expenses)		
Change in net assets	(3,228)	22,581
Total net assets - beginning of year	<u>6,478,948</u>	<u>6,456,367</u>
Total net assets - end of year	<u>\$ 6,475,720</u>	<u>\$ 6,478,948</u>

**AUGUSTA CHARTER TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
MARCH 31, 2010
WITH COMPARATIVE TOTALS FOR MARCH 31, 2009**

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,083,129	\$ 1,011,306
Cash paid to suppliers and employees	<u>(482,673)</u>	<u>(1,062,479)</u>
Net cash used in operating activities	<u>600,456</u>	<u>(51,173)</u>
Cash flows from noncapital financing activities:		
Decrease in debt for additional sewer capacity	(285,570)	(375,279)
Cash received for connection fees	<u>6,433</u>	<u>13,000</u>
Net cash provided by (used in) noncapital financing activities	<u>(279,137)</u>	<u>(362,279)</u>
Cash flows from capital and related financing activities:		
Special assessment revenue	61,701	97,570
Special assessment interest	72,544	75,234
Purchase of capital assets	(167,731)	(18,215)
Repayment of principal	(584,033)	(67,513)
Interest payments	<u>(116,976)</u>	<u>(152,264)</u>
Net cash provided by (used in) capital and related financing activities	<u>(734,495)</u>	<u>(65,188)</u>
Cash flows from investing activities:		
Transfer (to) from investments	233,034	388,612
Transfer from restricted investments	-	11,462
Interest income	<u>20,844</u>	<u>75,799</u>
Net cash provided by investing activities	<u>253,878</u>	<u>475,873</u>
Net increase (decrease) in cash and cash equivalents	(159,298)	(2,767)
Cash and cash equivalents at beginning of year	<u>320,303</u>	<u>323,070</u>
Cash and cash equivalents at end of year	<u>\$ 161,005</u>	<u>\$ 320,303</u>

AUGUSTA CHARTER TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
RECONCILIATION OF NET OPERATING LOSS TO NET CASH
USED IN OPERATING ACTIVITIES
MARCH 31, 2010
WITH COMPARATIVE TOTALS FOR MARCH 31, 2009

	2010	2009
Net operating loss	\$ (47,773)	\$ (311,162)
Adjustments to reconcile net operating loss to net cash provided by operating activities		
Depreciation expense	322,624	323,601
(Increase) decrease in:		
Accounts receivable	(66,544)	(73,140)
Due from other funds	391,551	17,488
Due from fiduciary funds	-	4,464
Due from other governments	-	(22,337)
Inventory	15,111	18,215
Increase (decrease) in:		
Accounts payable and other liabilities	(13,061)	(8,343)
Due to other funds	(1,452)	41
	648,229	259,989
Total adjustments		
Net cash used in operating activities	\$ 600,456	\$ (51,173)

**AUGUSTA CHARTER TOWNSHIP
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
MARCH 31, 2010
WITH COMPARATIVE TOTALS FOR MARCH 31, 2009**

	Totals	
	2010	2009
ASSETS:		
Cash and cash equivalents	\$ 129,663	\$ 307,296
Investments	39,854	32,054
Due from developers	15,837	172,123
	Total assets	\$ 511,473
	\$ 185,354	\$ 511,473
LIABILITIES:		
Due to other funds	\$ 102,208	\$ 379,169
Due to other taxing units	83,146	132,304
	Total liabilities	\$ 511,473
	\$ 185,354	\$ 511,473

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

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, 2010

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 the 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.

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Amounts reported as *program revenues* 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, 2010

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, 2010.

Personal property taxes receivable has offsetting deferred revenue for the estimated uncollectible portion.

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, 2009 are revenues in the Township's fiscal year ended March 31, 2010.

The Township had a general tax millage of .8188 for 2009. The Township's maximum allowable millage is 1.0 mills. The Township had a fire department millage of 1.8747 for 2009.

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, 2010

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, 2010

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 \$650,0006 of restricted net assets of which \$650,006 is restricted by enabling legislation.

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

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

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

B. Excess of expenditures over appropriations in budgetary funds

P.A. 621 of 1978, Section 18(1), as amended, of the State of Michigan provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. None of the Township's funds incurred expenditures in excess of the amount appropriated for the year ended March 31, 2010, however expenditures at the activity level exceeded budgeted amounts.

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

	<u>Budgeted Amount</u>	<u>Actual</u>	<u>Variance</u>
General government:			
Assessor	55,195	55,631	(436)
Township hall	12,020	13,172	(1,152)
Public safety:			
Building inspections	3,046	5,858	(2,812)

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

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

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, 2010, \$1,056,385 of the Township's bank balance of \$1,306,386 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$1,056,385</u>
--------------------------------	--------------------

Investments

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

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

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of investment of collateral securities that are in possession of an outside party. As of March 31, 2010, \$0 of the Township's investments of \$645,722 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 user. As of March 31, 2010 concentration of 5% or higher include 30.98% at Multi-Bank Securities; 26.7 % Sturgis Federal Savings Bank; 10.53% Bank of Northern Michigan; 10.34% Flagstar Bank; 10.86% Bank of Holland, MI; 10.6% Citizens Bank, Flint, Michigan.

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

NOTE 4. RECEIVABLES

Receivables as of March 31, 2010 for the Township's major funds and proprietary funds are as follows:

	<u>General</u>	<u>Utility</u>	<u>Total</u>
Receivables:			
Taxes	\$ -	\$ -	\$ -
Accounts	8,575	389,909	398,484
Special assessments	-	1,082,258	1,082,258
Contract	(299,762)	299,762	-
Intergovernmental	19,755	98,007	117,762
	<hr/>	<hr/>	<hr/>
Gross receivables	(271,432)	1,869,936	1,598,504
	<hr/>	<hr/>	<hr/>
Less: allowance for uncollectibles	-	-	-
	<hr/>	<hr/>	<hr/>
Net total receivables (Payables)	<u>\$ (271,432)</u>	<u>\$ 1,869,936</u>	<u>\$ 1,598,504</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

NOTE 5. CAPITAL ASSETS

Capital asset activity governmental and business-type activities follows:

	Primary Government			Ending Balance
	Beginning Balance	Additions	Disposals	
Governmental activities:				
Assets not being depreciated-land	\$ 28,900	\$ -	\$ -	\$ 28,900
Buildings and improvements	95,547	-	-	95,547
Office furniture and equipment	46,987	-	-	46,987
Computers and software	27,348	-	-	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>1,864,800</u>	<u>-</u>	<u>-</u>	<u>1,864,800</u>
Less accumulated depreciation for:				
Buildings and improvements	75,547	2,000	-	77,547
Office furniture and equipment	44,987	125	-	45,112
Computers and software	21,762	3,753	-	25,515
Vehicles	15,000	-	-	15,000
Fire equipment	184,569	12,517	-	197,086
Fire vehicles	1,032,959	11,290	-	1,044,249
Total accumulated depreciation	<u>1,374,824</u>	<u>29,685</u>	<u>-</u>	<u>1,404,509</u>
Less accumulated amortization for:				
Leased property under capital leases	58,531	37,802	-	96,333
Governmental activities net capital assets	<u>\$ 460,345</u>	<u>\$ (67,487)</u>	<u>\$ -</u>	<u>\$ 392,858</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

NOTE 5. CAPITAL ASSETS (Continued)

	Primary Government			
	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities:				
Assets not being depreciated-land	\$ -	\$ -	\$ -	\$ -
Water system	8,504,243	135,120	-	8,639,363
Water meters and equipment	595,289	32,611	-	627,900
Sewer system	2,479,328	-	-	2,479,328
Sewer equipment	121,130	-	-	121,130
Bond issuance costs	50,064	-	-	50,064
Depreciable capital assets	<u>11,750,054</u>	<u>167,731</u>	<u>-</u>	<u>11,917,785</u>
Less accumulated depreciation for:				
Water system	3,286,452	212,606	-	3,499,058
Water meters and equipment	259,177	28,281	-	287,458
Sewer system	1,173,789	70,546	-	1,244,335
Sewer equipment	69,515	9,939	-	79,454
Total accumulated depreciation	<u>4,788,933</u>	<u>321,372</u>	<u>-</u>	<u>5,110,305</u>
Less accumulated amortization for bond issuance costs	<u>20,931</u>	<u>1,252</u>	<u>-</u>	<u>22,183</u>
Business-type activities net capital assets	<u>\$ 6,940,190</u>	<u>\$ (154,893)</u>	<u>\$ -</u>	<u>\$ 6,785,297</u>

Depreciation and amortization expense charged to functions is as follows:

Governmental activities:	
General government	\$ 5,878
Public safety	<u>23,807</u>
Total depreciation - governmental activities	<u>\$ 29,685</u>
Governmental activities:	
General government	\$ 3,202
Public safety	<u>34,600</u>
Total depreciation - governmental activities	<u>\$ 37,802</u>
Business-type activities:	
Utility	<u>\$ 322,624</u>
Total depreciation - business-type activities	<u>\$ 322,624</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

NOTE 6. INTERFUND BALANCES AND TRANSFERS

Interfund balances – Due to/from other funds

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. A portion of the amount owed to the Utility Fund from the General fund will not be repaid within one year, however all other balances at March 31, 2010 are expected to be repaid within the next fiscal year.

<u>Fund</u>	<u>Due From</u>	<u>Fund</u>	<u>Due To</u>
Fiduciary	\$ 19,755	General	\$ 19,755
Fiduciary	283	Non Major	283
Fiduciary	98,007	Utility	98,007
Non Major	3,077	General	3,077
General	<u>26,124</u>	Utility	<u>26,124</u>
Totals	<u>\$ 147,246</u>		<u>\$ 147,246</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

NOTE 7. LEASES

Capital leases – Governmental activities

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

Year Ended March 31,	Principal	Interest	Total
2011	\$ 40,458	\$ 7,956	\$ 48,414
2012	42,315	6,099	48,414
2013	44,258	4,156	48,414
2014	46,289	2,125	48,414
	<u>\$ 173,320</u>	<u>\$ 20,336</u>	<u>\$ 193,656</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:

Year Ended March 31,	Principal	Interest	Total
2011	\$ 3,696	\$ 46	\$ 3,742
	<u>\$ 3,696</u>	<u>\$ 46</u>	<u>\$ 3,742</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:

Year Ended March 31,	Principal	Interest	Total
2011	\$ 527	\$ 8	\$ 535
	<u>\$ 527</u>	<u>\$ 8</u>	<u>\$ 535</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

NOTE 8. LONG TERM DEBT

The Township is obligated by 1995 special assessment revenue bonds, originally issued for \$3,094,000 at an interest rate of 5.125%, maturing April 2035. At March 31, 2010, the Township had an outstanding bond payable of \$1,197,967, which is recorded as a liability in the Utility Fund. Interest expense related to this bond for the year ended March 31, 2010 was \$77,773.

Debt service requirements at March 31, 2010 are as follows:

Year Ended March 31,	Interest Rate	Principal Due April 1	Interest Due April 1	Interest Due October 1	Total Due
2011	5.125	\$ 47,000	\$ 32,249	\$ 32,249	\$ 111,498
2012	5.125	47,000	31,045	31,045	109,089
2013	5.125	47,000	29,841	29,841	106,681
2014	5.125	47,000	28,636	28,636	104,272
2015	5.125	47,000	26,830	26,830	100,659
2016	5.125	47,000	25,625	25,625	98,250
2017	5.125	47,000	24,421	24,421	95,841
2018	5.125	47,000	23,217	23,217	93,433
2019	5.125	47,000	22,012	22,012	91,024
2020	5.125	47,000	20,808	20,808	88,615
2021	5.125	47,000	19,603	19,603	86,206
2022	5.125	48,000	18,399	18,399	84,798
2023	5.125	48,000	17,169	17,169	82,338
2024	5.125	48,000	15,939	15,939	79,877
2025	5.125	48,000	14,709	14,709	77,417
2026	5.125	48,000	13,479	13,479	74,957
2027	5.125	48,000	12,249	12,249	72,498
2028	5.125	48,000	11,019	11,019	70,038
2029	5.125	47,000	9,789	9,789	66,577
2030	5.125	47,000	8,585	8,585	64,169
2031	5.125	47,000	7,380	7,380	61,760
2032	5.125	52,000	6,176	6,176	64,351
2033	5.125	52,000	4,843	4,843	61,686
2034	5.125	50,000	3,510	3,510	57,020
2035	5.125	49,967	2,230	2,230	54,426
		<u>\$ 1,197,967</u>	<u>\$ 429,757</u>	<u>\$ 429,757</u>	<u>\$ 2,057,480</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

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, 2010 was \$43,996. The principal and interest requirements at March 31, 2010 follow:

<u>Year Ended</u> <u>March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	28,986	713	29,699
	<u>\$ 893,344</u>	<u>\$ 538,240</u>	<u>\$ 1,431,584</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

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, 2010:

	<u>Bonds</u>	<u>YCUA Contract</u>	<u>Capital Leases</u>	<u>Total</u>
Balance April 1, 2009	\$ 1,782,000	\$ 919,594	\$ 222,386	\$ 2,923,980
Additions				-
Deletions	<u>(584,033)</u>	<u>(26,250)</u>	<u>(44,843)</u>	<u>(655,126)</u>
Balance March 31, 2010	1,197,967	893,344	177,543	2,268,854
Less: current portion	<u>47,000</u>	<u>27,580</u>	<u>44,681</u>	<u>119,261</u>
Total due after one year	<u>\$ 1,150,967</u>	<u>\$ 865,764</u>	<u>\$ 132,862</u>	<u>\$ 2,149,593</u>

The debt service requirements of governmental activities at March 31, 2010 are as follows:

<u>Year Ended March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	119,261	115,326	234,587
2012	118,166	109,763	227,929
2013	121,594	104,092	225,686
2014	125,257	98,250	223,507
2015	80,813	91,022	171,835
2016-2020	428,650	394,806	823,456
2021-2025	447,283	283,641	730,924
2026-2030	465,100	165,161	630,261
2031-2035	<u>362,730</u>	<u>56,082</u>	<u>418,812</u>
	<u>\$ 2,268,854</u>	<u>\$ 1,418,143</u>	<u>\$ 3,686,997</u>

**AUGUSTA CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

March 31, 2010

NOTE 9. RISK MANAGEMENT

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

NOTE 10. DEFINED CONTRIBUTION PLANS

The Augusta Township Pension Plan is a defined contribution plan administered by Principal Financial Group under authority of Internal Revenue Code Section 401(a). The Township makes monthly contributions of 15% of full time employees' compensation. Employees must be 18 years of age to participate and are allowed to contribute, however employees did not contribute to this plan. The Township made contributions of \$25,431 for the year ended March 31, 2010.

Augusta Charter Township 457 Prototype Plan is a governmental 457 deferred compensation plan administered by Symetra Financial. Employees, with the exception of part-time employees working 15 hours or less and volunteer firemen, are allowed to participate with no employer match. There were employee contributions of \$5,577 made for the year ended March 31, 2010.

NOTE 11. PRIOR YEAR STATEMENTS

Beginning net assets for the prior year were restated due to adjustments made to properly record transactions as follows:

General Fund	\$ 38,958
Fiduciary	(1,711)
Proprietor Fund	<u>(47,630)</u>
Net Changes	<u>\$ (10,383)</u>

**AUGUSTA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Local sources	\$ 436,873	\$ 324,844	\$ 317,336	\$ (7,508)
State sources	327,065	295,182	298,218	3,036
Other	83,977	97,536	103,977	6,441
Total revenues	<u>847,915</u>	<u>717,562</u>	<u>719,531</u>	<u>1,969</u>
EXPENDITURES:				
General government:				
Board of trustees	260,264	229,883	221,051	8,832
Supervisor	25,727	26,224	25,820	404
Treasurer	62,007	60,357	60,085	272
Assessor	54,100	55,195	55,631	(436)
Board of review	1,077	1,077	1,050	27
Clerk	54,982	58,142	58,057	85
Elections	25,428	10,529	9,290	1,239
Township hall	17,632	12,020	13,172	(1,152)
Other	999	18,987	796	18,191
Total general government	<u>502,216</u>	<u>472,414</u>	<u>444,952</u>	<u>27,462</u>
Public safety:				
Building inspections	12,013	3,046	5,858	(2,812)
Police	143,960	125,971	109,096	16,875
Total public safety	<u>155,973</u>	<u>129,017</u>	<u>114,954</u>	<u>14,063</u>
Public works:				
Drains at large	60,000	21,956	21,956	-
Road improvement	83,445	75,955	75,955	-
Total public works	<u>143,445</u>	<u>97,911</u>	<u>97,911</u>	<u>-</u>
Community and economic development:				
Planning and zoning	46,281	18,220	14,310	3,910
Total community and economic development	<u>46,281</u>	<u>18,220</u>	<u>14,310</u>	<u>3,910</u>
Total expenditures	<u>847,915</u>	<u>717,562</u>	<u>672,127</u>	<u>45,435</u>
Change in fund balance	-	-	47,404	47,404
Total fund balances - beginning of year			<u>23,223</u>	
Total fund balances - end of year			<u>\$ 70,627</u>	

**AUGUSTA CHARTER TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2010**

	Special Revenue	Capital Projects	Funds 2010	Total Nonmajor Governmental 2009
Assets:				
Cash and cash equivalents	\$ 580,542	\$ 36,097	\$ 616,639	\$ 599,569
Investments	-	-	-	-
Taxes receivable	-	-	-	7,815
Accounts receivable	5,888	-	5,888	-
Due from other funds	283	-	283	1,452
Due from fiduciary funds	-	-	-	66,409
Due from other governmental units	34,923	-	34,923	44,376
Inventory	-	-	-	-
Prepaid expenditures	2,500	-	2,500	4,180
	<u>624,136</u>	<u>36,097</u>	<u>660,233</u>	<u>723,801</u>
Total Assets	<u>\$ 624,136</u>	<u>\$ 36,097</u>	<u>\$ 660,233</u>	<u>\$ 723,801</u>
Liabilities & Fund Balances:				
Liabilities:				
Accounts payable	3,524	-	3,524	10,084
Salaries payable	-	-	-	9,422
Contract payable	527	-	527	1,293
Accrued expenditures	3,099	-	3,099	-
Due to other funds	3,077	-	3,077	70,406
Unearned revenue	-	-	-	4,133
	<u>10,227</u>	<u>-</u>	<u>10,227</u>	<u>95,338</u>
Total Liabilities	<u>10,227</u>	<u>-</u>	<u>10,227</u>	<u>95,338</u>
Fund Balances:				
Reserved for:				
Fire department	346,550	36,097	382,647	361,160
Debt Service	-	-	-	-
Unreserved, reported in:				
Special revenue funds	267,359	-	267,359	267,303
	<u>613,909</u>	<u>36,097</u>	<u>650,006</u>	<u>628,463</u>
Total Fund Balances	<u>613,909</u>	<u>36,097</u>	<u>650,006</u>	<u>628,463</u>
Total Liabilities & Fund Balances	<u>\$ 624,136</u>	<u>\$ 36,097</u>	<u>\$ 660,233</u>	<u>\$ 723,801</u>

See notes to financial statements.

**AUGUSTA CHARTER TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUND TYPES
MARCH 31, 2010**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>	
			<u>2010</u>	<u>2009</u>
Revenues:				
Local sources:				
Property taxes	\$ 412,724	\$ -	\$ 412,724	\$ 441,967
Investment earnings	-	133	133	313
Charges for services	10,573	-	10,573	10,582
Donations	-	500	500	801
Other	1,206	-	1,206	3,220
Total local sources	<u>424,503</u>	<u>633</u>	<u>425,136</u>	<u>456,883</u>
State sources	2,000	-	2,000	-
Federal sources	-	-	-	2,349
Total revenues	<u>426,503</u>	<u>633</u>	<u>427,136</u>	<u>459,232</u>
Expenditures:				
Current:				
Salaries and wages	156,606	-	156,606	148,335
Fringe benefits	22,428	-	22,428	19,905
Supplies and other	51,406	-	51,406	69,634
Repairs and maintenance	62,367	-	62,367	60,308
Contracted services	12,272	-	12,272	239,247
Dues and mileage	2,052	-	2,052	1,969
Communications	17,985	-	17,985	16,226
Utilities	10,363	-	10,363	8,468
Interest	9,768	-	9,768	-
Other	6,157	-	6,157	-
Overhead expenses	15,506	-	15,506	32,115
Total expenditures	<u>366,910</u>	<u>-</u>	<u>366,910</u>	<u>596,207</u>
Excess (deficiency) of revenues over (under) expenditures	59,593	633	60,226	(136,975)
Other financing sources (uses):				
Redemption of principal	(38,683)	-	(38,683)	(36,485)
Total other financing sources (uses)	<u>(38,683)</u>	<u>-</u>	<u>(38,683)</u>	<u>(36,485)</u>
Change in fund balances	\$ 20,910	\$ 633	\$ 21,543	\$ (173,460)
Fund balances:				
Beginning of year	<u>592,999</u>	<u>35,464</u>	<u>628,463</u>	<u>589,920</u>
End of year	<u>\$ 613,909</u>	<u>\$ 36,097</u>	<u>\$ 650,006</u>	<u>\$ 628,463</u>

See notes to financial statements.

**AUGUSTA CHARTER TOWNSHIP
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
MARCH 31, 2010**

	<u>Fire Fund</u>	<u>Environmental Fund</u>	<u>Totals</u>	
			<u>2010</u>	<u>2009</u>
Assets:				
Cash and cash equivalents	\$ 313,183	\$ 267,359	\$ 580,542	\$ 564,105
Investments	-	-	-	-
Taxes receivable	-	-	-	7,815
Accounts receivable	5,888	-	5,888	-
Due from other funds	283	-	283	1,452
Due from fiduciary funds	-	-	-	66,409
Due from other governmental units	34,923	-	34,923	44,376
Inventory	-	-	-	-
Prepaid expenditures	2,500	-	2,500	4,180
Total Assets	<u>356,777</u>	<u>267,359</u>	<u>624,136</u>	<u>688,337</u>
Liabilities & Fund Balances:				
Liabilities:				
Accounts payable	3,524	-	3,524	10,084
Due to other funds	3,077	-	3,077	70,406
Salaries payable	-	-	-	9,422
Contract payable	527	-	527	1,293
Accrued expenditures	3,099	-	3,099	-
Unearned revenue	-	-	-	4,133
Total Liabilities	<u>10,227</u>	<u>-</u>	<u>10,227</u>	<u>95,338</u>
Fund Balances:				
Reserved for:				
Fire department	346,550	-	346,550	325,696
Unreserved, undesignated	-	267,359	267,359	267,303
Total Fund Balances	<u>346,550</u>	<u>267,359</u>	<u>613,909</u>	<u>592,999</u>
Total Liabilities & Fund Balances	<u>\$ 356,777</u>	<u>\$ 267,359</u>	<u>\$ 624,136</u>	<u>\$ 688,337</u>

**AUGUSTA CHARTER TOWNSHIP
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES
SPECIAL REVENUE FUNDS
MARCH 31, 2010**

	<u>Fire Fund</u>	<u>Environmental Fund</u>	<u>Totals</u>	
			<u>2010</u>	<u>2009</u>
Revenues:				
Local sources:				
Property taxes	\$ 412,668	\$ 56	\$ 412,724	\$ 441,967
Investment earnings	-	-	-	313
Charges for services	10,573	-	10,573	10,582
Donations	-	-	-	801
Other	1,206	-	1,206	3,220
Total local sources	424,447	56	424,503	456,883
State sources	2,000	-	2,000	-
Federal sources	-	-	-	2,349
Total revenues	426,447	56	426,503	459,232
Expenditures:				
Salaries and wages	156,606	-	156,606	148,335
Fringe benefits	22,428	-	22,428	19,905
Supplies and other	51,406	-	51,406	69,634
Repairs and maintenance	62,367	-	62,367	60,308
Contracted services	12,272	-	12,272	239,247
Dues and mileage	2,052	-	2,052	1,969
Communications	17,985	-	17,985	16,226
Utilities	10,363	-	10,363	8,468
Interest	9,768	-	9,768	-
Other	6,157	-	6,157	-
Overhead expenses	15,506	-	15,506	32,115
Capital outlay	-	-	-	-
Total expenditures	366,910	-	366,910	596,207
Excess (deficiency) of revenues over (under) expenditures	59,537	56	59,593	(136,975)
Other financing sources:				
Redemption of principal	(38,683)	-	(38,683)	(36,485)
Total other financing sources	(38,683)	-	(38,683)	(36,485)
Change in fund balances	20,854	56	20,910	(173,460)
Fund balances:				
Beginning of year	325,696	267,303	592,999	589,920
End of year	<u>\$ 346,550</u>	<u>\$ 267,359</u>	<u>\$ 613,909</u>	<u>\$ 592,999</u>

**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 business-type activities, and each major fund of Augusta Charter Township, as of and for the year ended March 31, 2010, which collectively comprise Augusta Charter Township's basic financial statements and have issued our report thereon dated September 17, 2010. 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 financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control over financial reporting.

Augusta Charter Township
Washtenaw County, Michigan

We considered the deficiencies described as 2010-1 and 2010-2 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, we believe the significant deficiencies described above as 2010-1 and 2010-2, are not material weaknesses.

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 17, 2010.

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, 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 17, 2010

AUGUSTA CHARTER TOWNSHIP
SCHEDULE OF FINDINGS AND RESPONSES
MARCH 31, 2010

Finding 2010-1

Finding considered a significant deficiency

Criteria:

Effective for the year ended March 31, 2010, 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

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

Recommendation

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

Client Response

We are aware of this deficiency.

AUGUSTA CHARTER TOWNSHIP
SCHEDULE OF FINDINGS AND RESPONSES
MARCH 31, 2010

Finding 2010-2

Finding considered a significant deficiency

Criteria:

Statement on Auditing Standards No. 112 titled *Communicating Internal Control Related Matters Identified in an Audit*, requires us to communicate, in writing, to management and those charged with governance, significant deficiencies and material weaknesses identified in an audit.

Condition

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

Cause

The Township does not have a staff person with the level of expertise necessary to prepare its footnotes.

Effect

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

Recommendation

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

Client Response

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

**AUGUSTA CHARTER TOWNSHIP
COMBINING BALANCE SHEET
AGENCY FUNDS
MARCH 31, 2010
WITH COMPARATIVE TOTALS FOR MARCH 31, 2009**

	<u>Trust & Agency</u>	<u>Tax Collection</u>	<u>Totals</u>	
			<u>2010</u>	<u>2009</u>
ASSETS:				
Cash and cash equivalents	\$ 85,651	\$ 44,012	\$ 129,663	\$ 307,296
Investments	39,854	-	39,854	32,054
Due from other funds	15,837	-	15,837	172,123
Total assets	<u>\$ 141,342</u>	<u>\$ 44,012</u>	<u>\$ 185,354</u>	<u>\$ 511,473</u>
LIABILITIES:				
Due to other funds	\$ 98,007	\$ 4,201	\$ 102,208	\$ 379,169
Due to other taxing units	43,335	39,811	83,146	132,304
Total liabilities	<u>\$ 141,342</u>	<u>\$ 44,012</u>	<u>\$ 185,354</u>	<u>\$ 511,473</u>

**AUGUSTA CHARTER TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TAX COLLECTION FUND
MARCH 31, 2010**

	<u>Balance April 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2010</u>
ASSETS:				
Cash and cash equivalents	\$ 226,144	\$ 7,004,956	\$ 7,187,088	\$ 44,012
Total assets	<u>\$ 226,144</u>	<u>\$ 7,004,956</u>	<u>\$ 7,187,088</u>	<u>\$ 44,012</u>
LIABILITIES:				
Due to other funds	\$ 125,880	\$ 1,999,311	\$ 2,120,990	\$ 4,201
Due to other taxing units	<u>100,264</u>	<u>5,005,645</u>	<u>5,066,098</u>	<u>39,811</u>
Total liabilities	<u>\$ 226,144</u>	<u>\$ 7,004,956</u>	<u>\$ 7,187,088</u>	<u>\$ 44,012</u>

See notes to financial statements.