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Audited Financial Statements, 2006

Town of Augusta

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SUSAN MONTEE, CPA

Missouri State Auditor

March 14, 2007

Jimmy Reed, Chairman
Town of Augusta
St. Charles County
P.O. Box 42
Augusta, MO 63332

Fiscal Period: One Year Ended August 31, 2006 ✓

Dear Mr. Reed:

In accordance with Section 105.145, RSMo, we acknowledge receipt of the financial report of your political subdivision for the above-described fiscal period.

Thank you for your cooperation in sending this information.

Sincerely,

SUSAN MONTEE, CPA
STATE AUDITOR

A handwritten signature in cursive script that reads "Judy Buerky".

Judy Buerky
Local Government Analyst

Town of Augusta

(Political Subdivision Name)

Po Box 42

Augusta MO 63332

(Address)

636-228-4689

(Telephone Number)

(Email Address)

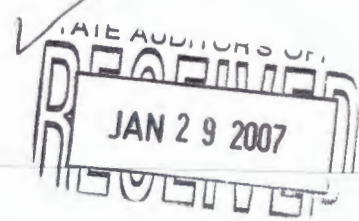
09-092-0001

Jimmy Reed ***
Forrest Alan Pletcher, Chairman

Town of Augusta

P.O. Box 42

Augusta, MO 63332-0000



CERTIFICATION

I Jimmy REED, CHAIRMAN of BOARD of TRUSTEES of
(Name - please print) (Title)

Augusta of St. CHARLES do attest, under oath, this
(Political subdivision) (County)

report is a true and accurate account of all financial transactions for the year ended Aug 31, 2006.
(month, day & year)

Signature *Jimmy Reed*

Subscribed and sworn to before me this 25 day of January, 2007.

Georgene Hofstetter
(Notary public signature)

GEORGENE HOFSTETTER
Notary Public - State of Missouri
County of Warren
My Commission Expires May 13, 2007

(Notary seal)

My Commission Expires: 5/13/2007

Financial Statement Summary - Audit Report Enclosed
For the Year Ended _____

	Total All Funds	General Fund	Fund	Fund	Fund
Beginning Balance	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Total Receipts	_____	_____	_____	_____	_____
Total Disbursements	_____	_____	_____	_____	_____
Ending Balance	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

TOCHTROP & ASSOCIATES, P.C.

Kevin J. Tochtrop
Certified Public Accountant

1201 Jefferson Street/Suite 100
P.O. Box 1578
Washington, MO 63090

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January 5, 2007

To the Town Board
Town of Augusta, Missouri

Ladies and Gentlemen:

In planning and performing our audit of the financial statements of the Town of Augusta, Missouri for the year ended August 31, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and improving operating efficiency.

The memorandum that accompanies this letter entitled "Internal Control and Management Comments and Recommendations" summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated January 3, 2006, on the financial statements of the Town.

We wish to express our appreciation for the cooperation and courtesy extended to us by all personnel. We will be pleased to discuss these recommendations with you in greater detail at your convenience. Should you desire assistance in the implementation of these recommendations, please do not hesitate to contact us.

Very truly yours,

Tochtrop & Associates

Tochtrop & Associates, P.C.

TOWN OF AUGUSTA, MISSOURI
INTERNAL CONTROL AND MANAGEMENT
COMMENTS AND RECOMMENDATIONS

The Town Board and Administrative Staff are to be commended for their improvement of the areas discussed and implementation of the recommendations made last year.

The areas in which corrective actions were taken or substantial improvement was made include the following:

1. The court submitted its accounting report to the Town Board monthly for review.

We ask the Town Board and Administrative Staff to address the following recommendations for improvement or change. We will be glad to further explain the recommendations.

1. During our audit field work conducted in December, 2006, the minutes of the Town Board meetings for July and August, 2006 had not yet been finalized. Since the minutes are an important documentation of the Board's actions, they should be kept more current.
2. The memo column of the General Ledger entries could be used to enter the names of revenue sources and descriptions of expenditures. This would improve the ability to provide explanations of what makes up the General Ledger account balances.
3. Expenditures should be budgeted in the same categories as the General Ledger account numbers.
4. In our test of check disbursements, there was only one signature on four checks and no Board approval noted on six paid invoices. The Town could use an ink stamp with boxes for proper approval procedures to help adhere to accounting controls.
5. The Court Clerk should list the names of payers on the bank deposit slips and submit them along with the bank statements to the Town Board monthly for review. The Court Clerk presently submits the accounting report.
6. The Town should set up a listing of all of its equipment and check that they are being properly safeguarded by agreeing the listing to an annual physical inventory.

TOWN OF AUGUSTA, MISSOURI
AUDITED FINANCIAL STATEMENTS
AUGUST 31, 2006

TOCHTROP & ASSOCIATES, P.C.

Kevin J. Tochtrop
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Town Board
Town of Augusta, Missouri

We have audited the accompanying financial statements of the governmental activities and the major fund of the Town of Augusta, Missouri, as of and for the year ended August 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Augusta, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note A, the Town of Augusta, Missouri, prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The supplementary information, Management's Discussion and Analysis, although not a required part of the basic financial statements, has been omitted.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities and the major fund of the Town of Augusta, Missouri, as of August 31, 2006, and the respective changes in financial position - modified cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note A.


Tochtrop & Associates, P.C.

January 3, 2007

TOWN OF AUGUSTA, MISSOURI
 STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)
 AUGUST 31, 2006 AND 2005

ASSETS	Governmental Activities	
	2006	2005
Cash and cash investments	\$ 50,475	79,549
Certificates of deposit	31,841	44,938
Capital assets, net of accumulated depreciation:		
Machinery and equipment	14,051	14,272
Land	668,100	668,100
Infrastructure	755,953	640,063
Buildings	-	-
Total Assets	<u>1,520,420</u>	<u>1,446,922</u>
LIABILITIES		
Payroll taxes payable	55	-
Total Liabilities	<u>55</u>	<u>-</u>
NET ASSETS		
Invested in capital assets	1,438,104	1,322,435
Unrestricted	82,261	124,487
Total Net Assets	<u>\$ 1,520,365</u>	<u>1,446,922</u>

See notes to the basic financial statements

TOWN OF AUGUSTA, MISSOURI
 STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
 FOR THE YEAR ENDED AUGUST 31, 2006
 With Comparative Totals for the Year Ended August 31, 2005

Functions/Programs	Program Revenues				Net Revenues (Expenses) and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Totals	
					2006	2005
Governmental Activities						
Streets	\$ 51,761	-	-	38,618	(13,143)	291,617
Public safety	25,946	-	-	-	(25,946)	(7,665)
General government	25,014	1,063	-	-	(23,951)	(14,910)
Culture and recreation	15,711	1,930	-	-	(13,781)	(28,504)
Municipal court	7,055	12,093	-	-	5,038	2,269
Agricultural	6,261	10,248	1,761	-	5,748	10,071
Building rentals	884	12,870	-	-	11,986	6,188
Total Town	<u>\$ 132,632</u>	<u>38,204</u>	<u>1,761</u>	<u>38,618</u>	<u>(54,049)</u>	<u>259,066</u>
General Revenues:						
Taxes						
Sales tax					\$ 70,327	74,564
Other taxes					39,136	24,665
Property taxes					16,461	15,084
Investment earnings					1,568	1,851
Total General Revenues					<u>127,492</u>	<u>116,164</u>
Changes in Net Assets					73,443	375,230
Net Assets - Beginning					<u>1,446,922</u>	<u>1,071,692</u>
Net Assets - Ending					<u>\$ 1,520,365</u>	<u>1,446,922</u>

See notes to the basic financial statements

TOWN OF AUGUSTA, MISSOURI
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE (MODIFIED CASH BASIS)
 GOVERNMENTAL FUND TYPE
 AUGUST 31, 2006 AND 2005

	General Fund	
	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and cash investments	\$ 50,475	79,549
Certificates of deposit	31,841	44,938
TOTAL ASSETS	\$ 82,316	124,487
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Payroll taxes payable	\$ 55	-
TOTAL LIABILITIES	55	-
 FUND BALANCE		
Fund balance - unreserved	82,261	124,487
TOTAL LIABILITIES AND FUND BALANCE	\$ 82,316	124,487

See notes to the basic financial statements

TOWN OF AUGUSTA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (MODIFIED CASH BASIS)
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED AUGUST 31, 2006
With Comparative Actual Amounts for the Year Ended August 31, 2005

	General Fund		
	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Sales tax - 1%	\$ 44,928	44,928	47,159
Intergovernmental	62,524	60,698	38,618
Sales tax - 1/2%	22,072	22,072	23,168
Rent	22,000	24,000	23,118
Franchise tax	11,578	22,432	21,826
Property taxes	15,000	16,000	16,461
Fines and court costs	4,592	9,000	12,093
Excise taxes	3,408	8,000	8,973
Other county taxes	4,422	8,568	8,337
Sesquicentennial Celebration	3,125	3,034	1,930
Agricultural program payments	2,851	2,768	1,761
Interest	1,900	1,000	1,568
Licenses and permits	1,500	1,500	885
Miscellaneous receipts	100	4,000	178
	200,000	228,000	206,075
TOTAL REVENUES			
EXPENDITURES			
Street department:			
Capital outlay	81,000	92,000	91,475
Repairs and maintenance	20,000	20,000	20,447
Other services and charges	4,800	4,800	6,451
Contract services	-	-	21
Operating supplies	-	-	-
	105,800	116,800	118,394
Administration:			
Capital outlay	15,000	15,000	41,314
Personal services	7,350	7,840	9,091
Contract services	3,900	4,960	7,774
Other services and charges	4,537	5,867	6,366
Operating supplies	1,200	1,280	1,439
Emergency fund	1,000	-	-
Repairs and maintenance	480	520	-
	33,467	35,467	65,984
Police department:			
Contract services	15,000	30,000	25,946
	\$ 15,000	30,000	25,946

<u>Variance with</u> <u>Final Budget</u>	<u>2005</u> <u>Actual</u>
2,231	49,973
(22,080)	344,684
1,096	24,591
(882)	27,026
(606)	7,826
461	15,084
3,093	10,062
973	9,083
(231)	7,756
(1,104)	35,504
(1,007)	633
568	1,851
(615)	1,175
<u>(3,822)</u>	<u>6,379</u>
<u>(21,925)</u>	<u>541,627</u>
(525)	343,468
447	2,117
1,651	9,069
21	27,075
-	1,341
<u>1,594</u>	<u>383,070</u>
26,314	1,440
1,251	7,561
2,814	5,605
499	7,877
159	1,125
-	-
<u>(520)</u>	<u>-</u>
<u>30,517</u>	<u>23,608</u>
<u>(4,054)</u>	<u>7,665</u>
<u>(4,054)</u>	<u>7,665</u>

See notes to the basic financial statements

TOWN OF AUGUSTA, MISSOURI
 STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (MODIFIED CASH BASIS)
 GOVERNMENTAL FUND TYPE
 FOR THE YEAR ENDED AUGUST 31, 2006
 With Comparative Actual Amounts for the Year Ended August 31, 2005

	General Fund		
	Budgeted Amounts		
EXPENDITURES (Continued)	Original	Final	Actual
Culture and recreation:			
Repairs and maintenance	\$ 9,950	9,950	9,446
Contract services	4,900	4,900	2,145
Other services and charges	2,048	2,048	2,012
Capital outlay	2,000	2,000	1,481
Sesquicentennial expenses	-	-	750
	18,898	18,898	15,834
Sewer system:			
Capital outlay	7,000	7,000	7,721
Repairs and maintenance	1,000	1,000	222
	8,000	8,000	7,943
Municipal Court:			
Contract services	6,760	6,760	5,475
Operating supplies	1,000	1,000	808
Other services and charges	240	240	772
	8,000	8,000	7,055
Agricultural:			
Operating supplies	3,239	3,239	2,838
Repairs and maintenance	2,500	2,500	1,966
Other services and charges	861	861	1,457
	6,600	6,600	6,261
Building rentals:			
Other services and charges	735	735	572
Repairs and maintenance	3,500	3,500	312
	4,235	4,235	884
TOTAL EXPENDITURES	200,000	228,000	248,301
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	-	(42,226)
BEGINNING FUND BALANCE			124,487
ENDING FUND BALANCE			\$ 82,261

<u>Variance with</u> <u>Final Budget</u>	<u>2005</u> <u>Actual</u>
(504)	6,794
(2,755)	2,132
(36)	1,057
(519)	5,571
<u>750</u>	<u>53,137</u>
<u>(3,064)</u>	<u>68,691</u>
721	-
<u>(778)</u>	<u>298</u>
<u>(57)</u>	<u>298</u>
(1,285)	6,305
(192)	587
<u>532</u>	<u>901</u>
<u>(945)</u>	<u>7,793</u>
(401)	3,368
(534)	1,954
<u>596</u>	<u>386</u>
<u>(339)</u>	<u>5,708</u>
(163)	572
<u>(3,188)</u>	<u>5,120</u>
<u>(3,351)</u>	<u>5,692</u>
<u>20,301</u>	<u>502,525</u>
<u>(42,226)</u>	<u>39,102</u>

See notes to the basic financial statements

TOWN OF AUGUSTA, MISSOURI
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE A - SUMMARY OF ACCOUNTING POLICIES

The Town of Augusta, Missouri, operates under a Mayor-Town Board form of government and provides the following services: public safety (police), streets, sanitation, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Town conform to the modified cash basis of accounting which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The following is a summary of the more significant policies:

1. The Reporting Entity

The Town, for financial purposes, includes all of the funds and account groups relevant to the operations of the Town of Augusta. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town.

Inclusion in the Town's financial statements is based on the degree of control or dependence between the Town and agencies. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board. Based on the foregoing criteria, the financial statements of the following organizations are not included in the accompanying financial statements: Friends of Historic Augusta and Augusta Town Cemetery.

2. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the City. The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by the program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE A - SUMMARY OF ACCOUNTING POLICIES (Continued)

3. Fund Accounting

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except for the property and equipment. The operations of the General Fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

4. Basis of Accounting

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

The financial statements are prepared on the modified cash basis which does not give effect to accounts receivable and accounts payable at August 31, 2006.

5. Cash and Investments

The Town considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents. This policy is followed on the statement of assets, liabilities, and equity.

The Town's bank deposits are required by State Law to be secured by the deposit of certain securities specified at 30.270 RSMo with the Town or trustee institution. The value of the securities must amount to the total of the Town's cash not insured by the Federal Deposit Insurance Corporation. As of August 31, 2006, the Town's bank deposits did not exceed the Federal Deposit Insurance Corporation coverage.

6. Capital Assets

Capital assets, which include land, buildings, equipment, and infrastructure assets, are reported in the governmental column in the government-wide financial statements. Land and buildings are valued based on an appraisal dated September 18, 2002. Equipment is valued at cost and only includes equipment purchased since September 1, 2001. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

NOTE A - SUMMARY OF ACCOUNTING POLICIES (Continued)

6. Capital Assets (continued)

Assets capitalized have an original cost of \$500 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	30 Years
Infrastructure	30 Years
Equipment	10 Years

7. Budgetary Control

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

- a. Prior to September 1, the Town Treasurer submits to the Town Board a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings and open meetings of the Town Board are held to obtain taxpayer comments.
- c. Prior to September 1, the budget is adopted by the Town Board.
- d. Unused appropriations lapse at the end of year.
- e. The budget amounts shown in the financial statements are as originally adopted and as amended by the Town Board.
- f. Budgets are adopted on a basis consistent with that used for the financial statements.

8. Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent January 1 of the following year.

9. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.