

St. James Township Beaver Island, Michigan

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015



Vredeveld Haefner LLC

CPA's

ST. JAMES TOWNSHIP

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Vredeveld Haefner LLC

CPA's and Consultants

4001 Granada Ct.
Grand Rapids, MI 49534
FAX (616) 828-0307

Douglas J. Vredeveld, CPA

(616) 446-7474

Peter S. Haefner, CPA

(616) 460-9388

INDEPENDENT AUDITORS' REPORT

January 8, 2016

Township Board
St. James Township
Beaver Island, Michigan

Report on the Financial Statements

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 St. James Township, Beaver Island, Michigan, (the Township) as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Township, as of March 31, 2015, and the respective changes in financial position and, where applicable cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the information on pages 31 through 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Uredawald Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

St. James Township

Management's Discussion and Analysis

As management of St. James Township (the 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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- The Township completed an addition to the fire hall.
- Funding levels remained steady with no significant increases.
- The Township finished the year with an increase in general fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to St. James Township's 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.

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 position* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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., long-term receivables).

Both of the government-wide financial statements distinguish functions of St. James 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 legislative, general government, health and welfare, public safety, public works, and recreation and culture. The business-type activities of the Township include sewer and yacht dock services.

The government-wide financial statements include St. James Township (the *primary government*).

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. St. James 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 end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Township maintains nine 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, road, and fire protection funds, each of which is considered a major fund. Data is combined into a single aggregate presentation for the other governmental funds. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements and schedules.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided as required supplementary information for each major fund to demonstrate compliance with those budgets.

Proprietary funds. The Township maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its sewer and yacht dock operations.

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 sewer and yacht dock operations, each of which are considered to be major funds of the Township.

Fiduciary fund. The fiduciary fund is 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 these 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.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This includes this management discussion and analysis and budget and actual comparisons for major funds.

Government-wide Financial Analysis

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of St. James Township, assets exceeded liabilities by \$2,357,039 at the close of the most recent fiscal year.

A portion of the Township's net position reflects unrestricted net position which is available for future operations while a significant portion of net position is invested in capital assets (e.g., land, buildings and improvements, vehicles, equipment and 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.

Following is a summary of net position:

Summary of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 477,449	\$ 593,135	\$ 144,324	\$ 153,449	\$ 621,773	\$ 746,584
Internal balances	246,721	176,519	(246,721)	(176,519)	-	-
Capital assets, net	850,335	761,264	1,045,287	1,083,669	1,895,622	1,844,933
Total assets	1,574,505	1,530,918	942,890	1,060,599	2,517,395	2,591,517
Long-term liabilities	-	-	100,012	100,021	100,012	100,021
Other liabilities	53,072	114,765	7,272	54,730	60,344	169,495
Total liabilities	53,072	114,765	107,284	154,751	160,356	269,516
Net position						
Net investment in capital assets	850,335	730,264	945,275	948,222	1,795,610	1,678,486
Restricted	363,918	435,654	-	56,272	363,918	491,926
Unrestricted (deficit)	307,180	250,235	(109,669)	(98,646)	197,511	151,589
Total net position	\$1,521,433	\$1,416,153	\$835,606	\$905,848	\$2,357,039	\$2,322,001

The unrestricted deficit in business-type activities is the cumulative effect of insufficient or uncollected revenues in those activities.

Statement of Activities. Net position of the Township increased by \$35,038 with the governmental showing an increase and business-type activities showing a decrease from prior balances. The governmental activities increase in net position of \$105,280 is primarily due to timing difference between when capital assets are purchased and when depreciation is recorded. The business-type activities decrease in net position of \$70,242 was primarily the result of revenues being insufficient to meet ongoing operating expenses including depreciation in those activities.

The following table presents a summary of the changes in net position for the years ended March 31.

Summary of Activities

	Governmental Activities		Business-type Activities		Totals	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenue						
Program revenue						
Charges for services	\$ 88,116	\$ 24,636	\$80,416	\$75,088	\$168,532	\$99,724
Operating grants and contributions	106,446	57,204	-	-	106,446	57,204
Capital grants and contributions	58,400	26,233	3,045	-	61,445	26,233
General revenue						
Property taxes	571,318	564,062	-	-	571,318	564,062
State shared revenue	27,888	35,841	-	-	27,888	35,841
Other	186	26,037	9	4,905	195	30,942
Total revenue	852,354	734,013	83,470	79,993	935,824	814,006
Expenses						
Legislative	99,729	68,188	-	-	99,729	68,188
General government	146,621	102,562	-	-	146,621	102,562
Health and welfare	127,737	134,200	-	-	127,737	134,220
Public safety	119,096	101,036	-	-	119,096	101,036
Public works	167,826	132,318	-	-	167,826	132,318
Recreation and culture	86,065	105,119	-	-	86,065	105,119
Other	-	3,989	-	-	-	3,989
Sewer	-	-	54,808	52,772	54,808	52,772
Yacht dock	-	-	98,904	100,788	98,904	100,788
Total expenses	747,074	647,432	153,712	153,560	900,786	800,992
Increase in net position	105,280	86,581	(70,242)	(73,567)	35,038	13,014
Net position, beginning of year	1,416,153	1,329,572	905,848	979,415	2,322,001	2,308,987
Net position, end of year	\$1,521,433	\$1,416,153	\$835,606	\$905,848	\$2,357,039	\$2,322,001

Governmental Activities. During the year the Township invested \$167,826 or 22% of governmental activities expenses in public works which includes road, airport and waste management operations. Additionally the Township invested \$146,621 or 20% of governmental activities expenses in general government while legislative, public safety, health and welfare, culture and recreation and interest on long-term debt made up the remaining 58% of governmental activities expenses.

Business-type Activities. Business-type activities decreased the Township's net position by \$70,242 compared to a decrease of \$73,567 in the prior year.

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.

Governmental funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$671,098, a decrease of \$14,791 in comparison with the prior year. Of the \$671,098, \$307,180 is reported in the general fund. The remaining amount of fund balance is reported in various funds as non-spendable, restricted, committed, or assigned for certain uses depending on the nature of the restriction.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$294,814. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 86% of total general fund expenditures. Fund balance of the Township's general fund increased by \$56,945.

At the end of the current fiscal year, fund balance of the road fund special revenue fund was \$267,732, a decrease of \$10,407 from the previous year.

At the end of the current fiscal year, fund balance of the fire protection special revenue fund was \$80,146, a decrease of \$63,471. The decrease is primarily due to funds expended for construction work on the fire hall.

Proprietary Funds. The Township's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Unrestricted net deficits reported in the sewer and yacht dock funds at the end of the year amounted to \$63,121 and \$46,548, respectively. The sewer fund had a decrease in net position for the year of \$19,449, the yacht dock fund had a decrease of \$50,793. Other factors concerning the finances of these funds have already been addressed in the discussion of the Township's business-type activities.

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, 2015, amounted to \$1,895,622 (net of accumulated depreciation).

The Township's capital assets (net of depreciation) are summarized as follows:

Capital Assets			
	Governmental Activities	Business- type Activities	Total
Land	\$ 368,040	\$ -	\$ 368,040
Construction in progress	41,435	-	41,435
Buildings, equipment and infrastructure	440,860	1,045,287	1,486,147
Total	\$850,335	\$1,045,287	\$1,895,622

Significant additions during the year consisted primarily of an addition to the fire hall. Additional information on St. James Township capital assets can be found in Note 4 of these financial statements.

Debt. At the end of the current fiscal year, the Township had total debt outstanding of \$100,012 consisting of sewer bonds and an installment purchase agreement payable. Principle payments of \$30,000 were made on the sewer debt during the year. A final payment \$31,000 was made during the year on general obligation bonds. Additional information on the Township's long-term debt can be found in Note 6 of these financial statements.

Budgetary Highlights

- The general fund budget for legislative activity was amended to increase professional services.
- The general fund budget for recreation was transferred to capital outlay, however the anticipated project did not occur.
- The road fund budget was decreased to reflect only projects and expenses completed.
- The fire protection fund budget was increased to reflect the fire hall building project.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Township's budget for the 2016 fiscal year:

- The Township anticipates a slight increase in property taxable values.
- The budget reflects projects anticipated at the time the budget was adopted.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report can be addressed by contacting the Township office at (231) 271-3051.

BASIC FINANCIAL STATEMENTS

ST. JAMES TOWNSHIP
STATEMENT OF NET POSITION
MARCH 31, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 418,668	\$ 32,462	\$ 451,130
Internal balances	246,721	(246,721)	-
Accounts receivable	58,781	111,862	170,643
Capital assets, net			
Land	368,040	-	368,040
Construction in progress	41,435	-	41,435
Buildings, equipment and infrastructure	440,860	1,045,287	1,486,147
Total assets	<u>1,574,505</u>	<u>942,890</u>	<u>2,517,395</u>
Liabilities			
Accounts payable	46,072	5,742	51,814
Accrued liabilities	7,000	1,530	8,530
Noncurrent liabilities			
Due within one year	-	35,674	35,674
Due in more than one year	-	64,338	64,338
Total liabilities	<u>53,072</u>	<u>107,284</u>	<u>160,356</u>
Net position			
Investment in capital assets	850,335	945,275	1,795,610
Restricted for			
Roads	267,732	-	267,732
Fire protection	80,146	-	80,146
Liquor control	16,040	-	16,040
Unrestricted (deficit)	307,180	(109,669)	197,511
Total net position	<u>\$ 1,521,433</u>	<u>\$ 835,606</u>	<u>\$ 2,357,039</u>

The accompanying notes are an integral part of these financial statements.

ST. JAMES TOWNSHIP

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary government				
Governmental activities				
Legislative	\$ 99,729	\$ -	\$ -	\$ -
General government	146,621	87,216	28,127	58,400
Health and welfare	127,737	-	-	-
Public safety	119,096	900	78,319	-
Public works	167,826	-	-	-
Recreation and culture	86,065	-	-	-
Total governmental activities	<u>747,074</u>	<u>88,116</u>	<u>106,446</u>	<u>58,400</u>
Business-type activities				
Sewer	54,808	32,312	-	3,045
Yacht dock	98,904	48,104	-	-
Total business-type activities	<u>153,712</u>	<u>80,416</u>	<u>-</u>	<u>3,045</u>
Total primary government	<u>\$ 900,786</u>	<u>\$ 168,532</u>	<u>\$ 106,446</u>	<u>\$ 61,445</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

ST. JAMES TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net assets			
Net (expense) revenue	\$ (494,112)	\$ (70,251)	\$ (564,363)
General revenues			
Property taxes			
General operating	197,832	-	197,832
Roads	94,693	-	94,693
Fire protection	45,566	-	45,566
Airport	47,309	-	47,309
Waste management	46,359	-	46,359
Emergency medical services	47,309	-	47,309
Historical society	11,822	-	11,822
Medical center	80,428	-	80,428
State shared revenues	27,888	-	27,888
Interest earnings	186	9	195
Total general revenues	599,392	9	599,401
Change in net position	105,280	(70,242)	35,038
Net position, beginning of year	1,416,153	905,848	2,322,001
Net position, end of year	\$ 1,521,433	\$ 835,606	\$ 2,357,039

(Concluded)

The accompanying notes are an integral part of these financial statements.

ST. JAMES TOWNSHIP

**GOVERNMENTAL FUNDS
BALANCE SHEET**

MARCH 31, 2015

	<u>General</u>	<u>Road Fund</u>	<u>Fire Protection Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 159,764	\$ 163,695	\$ 94,929	\$ -	\$ 418,388
Accounts receivable	22,261	9,262	4,448	22,810	58,781
Due from other funds	<u>159,898</u>	<u>96,770</u>	<u>-</u>	<u>16,040</u>	<u>272,708</u>
Total Assets	<u>\$ 341,923</u>	<u>\$ 269,727</u>	<u>\$ 99,377</u>	<u>\$ 38,850</u>	<u>\$ 749,877</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 11,703	\$ 1,279	\$ 10,000	\$ 22,810	\$ 45,792
Deposits held for others	7,000	-	-	-	7,000
Due to other funds	<u>16,040</u>	<u>716</u>	<u>9,231</u>	<u>-</u>	<u>25,987</u>
Total liabilities	<u>34,743</u>	<u>1,995</u>	<u>19,231</u>	<u>22,810</u>	<u>78,779</u>
Fund balances					
Restricted	-	267,732	80,146	16,040	363,918
Assigned	12,366	-	-	-	12,366
Unassigned	<u>294,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,814</u>
Total fund balances	<u>307,180</u>	<u>267,732</u>	<u>80,146</u>	<u>16,040</u>	<u>671,098</u>
Total liabilities and fund balances	<u>\$ 341,923</u>	<u>\$ 269,727</u>	<u>\$ 99,377</u>	<u>\$ 38,850</u>	<u>\$ 749,877</u>

The accompanying notes are an integral part of these financial statements.

ST. JAMES TOWNSHIP

RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

MARCH 31, 2015

Fund balances - total governmental funds	\$ 671,098
Amounts reported for <i>governmental activities</i> in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add - capital assets (net)	<u>850,335</u>
Net position of governmental activities	<u>\$ 1,521,433</u>

The accompanying notes are an integral part of these financial statements.

ST. JAMES TOWNSHIP

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

FOR THE YEAR ENDED MARCH 31, 2015

	<u>General</u>	<u>Road Fund</u>	<u>Fire Protection Fund</u>	<u>Non major Funds</u>	<u>Total</u>
Revenues					
Property taxes	\$ 197,832	\$ 94,693	\$ 45,566	\$ 233,227	\$ 571,318
Intergovernmental revenues					
State	112,273	-	-	2,142	114,415
Penal fines, fees and charges	67,299	-	-	-	67,299
Contributions from local units	-	-	75,124	-	75,124
Donations	-	-	3,195	-	3,195
Interest	74	58	54	-	186
Miscellaneous	20,817	-	-	-	20,817
Total revenues	<u>398,295</u>	<u>94,751</u>	<u>123,939</u>	<u>235,369</u>	<u>852,354</u>
Expenditures					
Current					
Legislative	99,729	-	-	-	99,729
General government	155,177	-	-	-	155,177
Health and welfare	-	-	-	127,737	127,737
Public safety	14,215	-	80,499	-	94,714
Public works	-	73,460	-	93,668	167,128
Recreation and culture	72,229	-	-	11,822	84,051
Capital outlay	-	-	106,911	-	106,911
Debt service					
Principal	-	31,000	-	-	31,000
Interest	-	698	-	-	698
Total expenditures	<u>341,350</u>	<u>105,158</u>	<u>187,410</u>	<u>233,227</u>	<u>867,145</u>
Net changes in fund balances	56,945	(10,407)	(63,471)	2,142	(14,791)
Fund balances, beginning of year	<u>250,235</u>	<u>278,139</u>	<u>143,617</u>	<u>13,898</u>	<u>685,889</u>
Fund balances, end of year	<u>\$ 307,180</u>	<u>\$ 267,732</u>	<u>\$ 80,146</u>	<u>\$ 16,040</u>	<u>\$ 671,098</u>

The accompanying notes are an integral part of these financial statements.

ST. JAMES TOWNSHIP

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

FOR THE YEAR ENDED MARCH 31, 2015

Net changes in fund balances - total governmental funds	\$ (14,791)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Add - capital outlay	126,505
Deduct - depreciation expense	(37,434)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Add - principal payments on bonds payable	<u>31,000</u>
Change in net position of governmental activities	<u>\$ 105,280</u>

The accompanying notes are an integral part of these financial statements.

ST. JAMES TOWNSHIP

ENTERPRISE FUNDS STATEMENT OF NET POSITION

MARCH 31, 2015

Assets	<u>Sewer</u>	<u>Yacht Dock</u>	<u>Total</u>
Current assets			
Cash and cash equivalents	\$ 29,352	\$ 3,110	\$ 32,462
Receivables			
Accounts	70,449	-	70,449
Assessments	30,619	-	30,619
Tax roll	<u>10,794</u>	<u>-</u>	<u>10,794</u>
Total current assets	<u>141,214</u>	<u>3,110</u>	<u>144,324</u>
Noncurrent assets			
Capital assets, net	<u>466,969</u>	<u>578,318</u>	<u>1,045,287</u>
Total assets	<u>608,183</u>	<u>581,428</u>	<u>1,189,611</u>
Liabilities			
Current liabilities			
Accounts payable	4,425	1,317	5,742
Accrued liabilities	1,530	-	1,530
Due to other funds	198,380	48,341	246,721
Current portion of long-term debt	<u>35,674</u>	<u>-</u>	<u>35,674</u>
Total current liabilities	240,009	49,658	289,667
Long-term liabilities			
Long-term debt, net of current portion	<u>64,338</u>	<u>-</u>	<u>64,338</u>
Total liabilities	<u>304,347</u>	<u>49,658</u>	<u>354,005</u>
Net position			
Net investment in capital assets	366,957	578,318	945,275
Unrestricted (deficit)	<u>(63,121)</u>	<u>(46,548)</u>	<u>(109,669)</u>
Total net position	<u>\$ 303,836</u>	<u>\$ 531,770</u>	<u>\$ 835,606</u>

The accompanying notes are an integral part of these financial statements.

ST. JAMES TOWNSHIP

ENTERPRISE FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED MARCH 31, 2015

	<u>Sewer</u>	<u>Yacht Dock</u>	<u>Total</u>
Operating revenue			
Charges for services	\$ 32,312	\$ 48,104	\$ 80,416
Operating expense			
Personnel	14,664	36,115	50,779
Repair and maintenance	18,103	3,840	21,943
Supplies and other	2,931	18,722	21,653
Contracted services	567	200	767
Depreciation	<u>12,756</u>	<u>40,027</u>	<u>52,783</u>
Total operating expense	<u>49,021</u>	<u>98,904</u>	<u>147,925</u>
Operating income (loss)	<u>(16,709)</u>	<u>(50,800)</u>	<u>(67,509)</u>
Non-operating revenue (expense)			
Special assessments	3,045	-	3,045
Interest income	2	7	9
Interest expense	<u>(5,787)</u>	<u>-</u>	<u>(5,787)</u>
Total non-operating revenue (expense)	<u>(2,740)</u>	<u>7</u>	<u>(2,733)</u>
Changes in net position	(19,449)	(50,793)	(70,242)
Net position, beginning of year	<u>323,285</u>	<u>582,563</u>	<u>905,848</u>
Net position, end of year	<u>\$ 303,836</u>	<u>\$ 531,770</u>	<u>\$ 835,606</u>

The accompanying notes are an integral part of these financial statements.

ST. JAMES TOWNSHIP

ENTERPRISE FUNDS STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2015

	<u>Sewer</u>	<u>Yacht Dock</u>	<u>Total</u>
Cash flows from operating activities			
Receipts from customers and users	\$ 37,711	\$ 48,104	\$ 85,815
Payments to employees	(14,664)	(36,115)	(50,779)
Payments to suppliers	<u>(32,853)</u>	<u>(22,762)</u>	<u>(55,615)</u>
Net cash provided by (used in) operating activities	<u>(9,806)</u>	<u>(10,773)</u>	<u>(20,579)</u>
Cash flows from non-capital financing activities			
Loan (made to) received from other funds	<u>59,266</u>	<u>10,936</u>	<u>70,202</u>
Cash flows from capital and related financing activities			
Payment received on amount due from other government	3,045	-	3,045
Interest paid	(6,567)	-	(6,567)
Principal paid on long-term debt	(35,435)	-	(35,435)
Acquisitions of capital assets	<u>-</u>	<u>(14,400)</u>	<u>(14,400)</u>
Net cash provided by (used in) capital and related financing activities	<u>(38,957)</u>	<u>(14,400)</u>	<u>(53,357)</u>
Cash flows from investing activities			
Interest income	<u>2</u>	<u>7</u>	<u>9</u>
Net increase (decrease) in cash and pooled investments	10,505	(14,230)	(3,725)
Cash and cash equivalents, beginning of year	<u>18,847</u>	<u>17,340</u>	<u>36,187</u>
Cash and cash equivalents, end of year	<u>\$ 29,352</u>	<u>\$ 3,110</u>	<u>\$ 32,462</u>
Cash flows from operating activities			
Operating income (loss)	\$ (16,709)	\$ (50,800)	\$ (67,509)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	12,756	40,027	52,783
Changes in operating assets and liabilities which provided (used) cash			
Accounts receivable	5,399	-	5,399
Accounts payable	<u>(11,252)</u>	<u>-</u>	<u>(11,252)</u>
Net cash provided by (used in) operating activities	<u>\$ (9,806)</u>	<u>\$ (10,773)</u>	<u>\$ (20,579)</u>

The accompanying notes are an integral part of these financial statements.

ST. JAMES TOWNSHIP
AGENCY FUND
STATEMENT OF ASSETS AND LIABILITIES
MARCH 31, 2015

Assets

Cash and cash equivalents \$ 280

Total assets

\$ 280

Liabilities

Due to other governments \$ 280

Total Liabilities

\$ 280

The accompanying notes are an integral part of these financial statements.

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ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. James Township, Beaver Island, Michigan (the "Township") operates under an elected Township Board of 5 members and provides services to its residents in many areas including police and fire protection, road maintenance, a yacht dock, sewer services, community enrichment and development, and health and welfare.

The accounting policies of the Township conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

These financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Township's operations, so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the financial statements to emphasize they are legally separate from the Township. The Township currently does not have any component units.

Joint Operations

St. James Township participates with neighboring Peaine Township to support the following operations on a 50-50 basis. The operations are controlled by, and reported in each of the Township's respective financial statements as follows:

St. James Township:
Beaver Island Fire Department (fire protection fund)
Cemetery (included in general fund)

Peaine Township
Waste management
Emergency Medical Services
Beaver Island Airport

The members of the governing boards are appointed by the Townships. The Townships have significant influence over operations of each of the component units and are also accountable for their fiscal matters. The above units provide services exclusively to the Townships. The Joint operations are included as special revenue funds in the financial statements.

St. James Township also controls the yacht dock and operates it jointly with Peaine Township. Operating deficiencies are shared by the Townships with St. James funding 66.67% and Peaine funding 33.33%. During the most recent fiscal year the yacht dock reported an operating deficiency of \$50,793 and a net position of \$531,770 at March 31, 2015.

Government-wide and Fund Financial Statements

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

ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except grant revenues which are recognized when grant requirements are met, state shared revenue is recognized in the month in which taxes are collected, and interest revenue which is recorded when earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, state revenue, grant revenue, licenses, and interest 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 Township.

Proprietary funds distinguish 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 enterprise funds are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township 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 *Road Fund* is used to account for the proceeds of a dedicated millage that is legally restricted to expenditures for streets within the Township.

ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

The *Fire Protection Fund* is used to account for the proceeds of a dedicated millage that is legally restricted to expenditures for fire protection.

The Township reports the following major proprietary funds:

The *Sewer Enterprise Fund* is used to account for the operations of the Township's sewer collection system that provides services on a user charge basis.

The *Yacht Dock Enterprise Fund* is used to account for seasonal and transient dock rental and the Township owned municipal yacht dock.

Additionally, the Township reports the following fund type:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Budgets and Budgetary Accounting

Comparisons to budget are presented for general and special revenue funds. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to March 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all funds except agency funds.
5. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Adoption and amendments of all budgets used by the Township are governed by Public Act 621. The appropriations ordinances are based on the projected expenditures budget of the Township. Any amendment to the original budget must meet the requirements of Public Act 621. The Township amended its budget for the year. Any revisions that alter the total expenditures of any activity must be approved by the Township Board.

Budgets for expenditures are adopted on an activity basis. Budgeted amounts are as originally adopted and amended by the Township Board.

Cash and Cash Equivalents

The Township's deposits are considered to be cash and cash equivalents because the balances consist of demand and savings deposits.

ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

Investment Statutory Authority

State statutes authorize the Township to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers' acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.

Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances are immaterial to the financial statements.

Due to and Due from Other Funds

Interfund receivables and payables are short term borrowings that arise from interfund transactions which are recorded by all funds affected in the period in which transactions are executed.

Capital Assets

Capital assets, which include property, buildings, infrastructure, and equipment, are reported in the governmental and business-type activities column in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

No interest expense has been capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure), is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	40
Equipment	5
Land improvements	20
System Infrastructure	40-50

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the year of issuance. The face amount of debt issued and any premiums received are reported as other financing sources. Discounts on debt issuances are reported as an other financing use. Issuance costs are reported as expenditures.

Net Position and Fund Balance Reporting

Governmental funds report fund balance in the following five categories:

1. Non-spendable - the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted - the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed - the related assets can only be spent for a specific purpose identified by formal resolution of the governing board.
4. Assigned - the related assets can only be spent for a specific purpose identified by management as authorized by the governing board.
5. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications.

Fund Balance can only be committed or assigned by the Township Board.

Net Position and Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resource as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

Property Taxes

Township property taxes are attached as an enforceable lien on property as of July 1. Taxes are levied December 1 and are due without penalty on or before February 14. Real property taxes not collected as of February 14 are turned over to the County for collection, which advances the Township 100% for the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

Grants and Other Intergovernmental Revenues

Grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenue when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditure/expenses are incurred.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2015, the Township carried commercial insurance to cover risks of losses. The Township has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

2. DEPOSITS AND INVESTMENTS

The captions on the financial statements relating to cash and cash equivalents are as follows:

Governmental activities	\$418,668
Business-type activities	32,462
Fiduciary funds	<u>280</u>
	<u>\$451,410</u>

Cash and cash equivalents consist of \$451,410 of deposits at March 31, 2015.

These deposits are in financial institutions located in Michigan. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the Township and a specific fund or common account. They are recorded in Township records at fair value.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. As of year-end, \$210,602 of the Township's bank balance of \$460,602 was exposed to custodial credit risk because it was uninsured and uncollateralized.

ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

3. INTERFUND RECEIVABLES AND PAYABLES

Amounts receivable and payable represent loans between funds which consist of the following for the year ended March 31, 2015:

Receivable	Payable					Total
	<u>General fund</u>	<u>Sewer fund</u>	<u>Fire protection fund</u>	<u>Road fund</u>	<u>Yacht dock fund</u>	
General fund	\$ -	\$101,610	\$9,231	\$716	\$48,341	\$159,898
Road fund	-	96,770	-	-	-	96,770
Nonmajor funds	16,040	-	-	-	-	16,040
Total	\$16,040	\$198,380	\$9,231	\$716	\$48,341	\$272,708

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance April 1, 2014	Additions	Deletions	Balance March 31, 2015
Governmental Activities				
Capital assets not being depreciated				
Land				
Solely owned	\$ 51,530	\$ -	\$ -	\$ 51,530
Jointly owned	316,510			316,510
Construction in progress				
Solely owned	41,435	-	-	41,435
Total capital assets not being depreciated	409,475			409,475
Capital assets being depreciated				
Land improvements				
Solely owned	33,808	-	-	33,808
Buildings and improvements				
Solely owned	208,529	-	-	208,529
Jointly owned				
Fire fund	31,753	106,910	-	138,663
Other Township buildings	281,493	19,595	-	301,088
Equipment and furniture				
Solely owned	130,378	-	-	130,378
Jointly owned				
Fire fund	275,235	-	-	275,235
Total capital assets being depreciated	961,196	126,505	-	1,087,701
Less accumulated depreciation	609,407	37,434	-	646,841
Net capital assets being depreciated	351,789	89,071	-	440,860
Governmental Activities capital assets, net	\$ 761,264	\$ 89,071	\$ -	\$ 850,335

ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

	<u>Balance April 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2015</u>
Business-type Activities				
Buildings and improvements				
Jointly owned	\$ 997,113	\$14,400	\$ -	\$1,011,513
Sewer system				
Solely owned	623,019	-	-	623,019
Total capital assets	1,620,132	14,400	-	1,634,532
Less accumulated depreciation	536,462	52,783	-	589,245
Business-type Activities capital assets, net	<u>\$1,083,670</u>	<u>\$(38,383)</u>	<u>\$ -</u>	<u>\$1,045,287</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	\$ 9,788
Public safety	24,382
Culture and recreation	3,264
	<u>37,434</u>
Total depreciation expense, governmental activities	<u>\$37,434</u>
 Business-type Activities	
Sewer	\$12,756
Yacht dock	40,027
	<u>52,783</u>
Total depreciation expense, business-type activities	<u>\$52,783</u>

5. DEFINED CONTRIBUTION PENSION PLAN

The Township provides retirement benefits to its elected officials through a self-administered defined contribution pension plan. Employer contributions are equal to 5% of eligible wages. Elected officials may also elect to contribute a portion of their salary to the plan.

Employer and employee contributions to the plan for the year ended March 31, 2015 amounted to \$5,330 and \$-, respectively.

ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

6. LONG-TERM DEBT

The following is a summary of the debt transactions of the Township for the year ended March 31, 2015.

	<u>Balance April 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2015</u>	<u>Due Within One Year</u>
Governmental Activities					
\$251,000 General Obligation Bonds, payable in annual installments of \$30,000 to \$31,000 through 2015, plus interest at 4.5%	\$31,000	\$ -	\$31,000	\$ -	\$ -
Business-type Activities					
\$500,000 Special Assessment Unlimited Tax Bonds, payable in annual installments of \$30,000 through April 1, 2016, plus interest at 5.25%	\$ 90,000	\$ -	\$30,000	\$ 60,000	\$30,000
\$59,167 installment purchase agreement, payable in quarterly installments of \$1,845 through June 1, 2021, including interest at 4.5%	45,447	-	5,435	40,012	5,674
	<u>\$135,447</u>	<u>\$ -</u>	<u>\$35,435</u>	<u>\$100,012</u>	<u>\$35,674</u>

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of March 31, 2015 are as follows:

<u>Year Ended March 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 35,674	\$4,023
2017	35,934	2,233
2018	6,205	1,175
2019	6,489	891
2020	6,786	594
2021-2022	8,924	304
Total	<u>\$100,012</u>	<u>\$9,220</u>

7. SUBSEQUENT EVENTS

Subsequent to year end the Township Board approved an investigation of sewer fund billing and collection activities for the past ten years. The amount reported in these financial statements reflect the results of the investigation along with policies enacted by the Township Board for collection and billing of the past due amounts. Management believes amounts reported in these financial statements are collectible.

ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

8. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated.

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

During the year ended June 30, 2015, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
General government			
Legislative	\$ 78,929	\$ 99,729	\$(20,800)
General government	103,866	155,177	(51,311)
Public safety	12,137	14,215	(2,078)
Road Fund			
Public works	72,178	73,460	(1,282)
Fire Protection Fund			
Public safety	64,990	80,499	(15,509)
Capital outlay	106,627	106,911	(284)

REQUIRED SUPPLEMENTARY INFORMATION

ST. JAMES TOWNSHIP

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED MARCH 31, 2015

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 190,000	\$ 209,954	\$ 197,832	\$ (12,122)
Intergovernmental revenues	65,200	54,359	112,273	57,914
Fees and service charges	67,400	61,181	67,299	6,118
Interest	400	50	74	24
Miscellaneous	10,000	75,001	20,817	(54,184)
Total revenues	<u>333,000</u>	<u>400,545</u>	<u>398,295</u>	<u>(2,250)</u>
Expenditures				
Current				
Legislative	53,458	78,929	99,729	(20,800)
General government	110,372	103,866	155,177	(51,311)
Public safety	10,400	12,137	14,215	(2,078)
Recreation and culture	138,900	99,374	72,229	27,145
Capital outlay	10,000	57,629	-	57,629
Total expenditures	<u>323,130</u>	<u>351,935</u>	<u>341,350</u>	<u>10,585</u>
Net changes in fund balance	9,870	48,610	56,945	8,335
Fund balance, beginning of year	<u>250,235</u>	<u>250,235</u>	<u>250,235</u>	<u>-</u>
Fund balance, end of year	<u>\$ 260,105</u>	<u>\$ 298,845</u>	<u>\$ 307,180</u>	<u>\$ 8,335</u>

ST. JAMES TOWNSHIP
ROAD FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2015

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 62,000	\$ 62,153	\$ 94,693	\$ 32,540
Interest	<u>200</u>	<u>58</u>	<u>58</u>	<u>-</u>
Total Revenues	<u>62,200</u>	<u>62,211</u>	<u>94,751</u>	<u>32,540</u>
Expenditures				
Current				
Public Works				
Roads	144,000	72,178	73,460	(1,282)
Debt service				
Principal	32,000	31,697	31,000	697
Interest	<u>-</u>	<u>-</u>	<u>698</u>	<u>(698)</u>
Total expenditures	<u>176,000</u>	<u>103,875</u>	<u>105,158</u>	<u>(1,283)</u>
Net changes in fund balance	(113,800)	(41,664)	(10,407)	31,257
Fund balance, beginning of year	<u>278,139</u>	<u>278,139</u>	<u>278,139</u>	<u>-</u>
Fund balance, end of year	<u>\$ 164,339</u>	<u>\$ 236,475</u>	<u>\$ 267,732</u>	<u>\$ 31,257</u>

ST. JAMES TOWNSHIP

**FIRE PROTECTION FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED MARCH 31, 2015

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 44,679	\$ 45,045	\$ 45,566	\$ 521
Local	44,500	44,411	75,124	30,713
Donations	2,000	3,035	3,195	160
Interest	1,500	1,834	54	(1,780)
Total Revenues	<u>92,679</u>	<u>94,325</u>	<u>123,939</u>	<u>29,614</u>
Expenditures				
Current				
Public Safety				
Fire department	86,400	64,990	80,499	(15,509)
Capital outlay	24,000	106,627	106,911	(284)
Total expenditures	<u>110,400</u>	<u>171,617</u>	<u>187,410</u>	<u>(15,793)</u>
Net changes in fund balance	(17,721)	(77,292)	(63,471)	13,821
Fund balance, beginning of year	<u>143,617</u>	<u>143,617</u>	<u>143,617</u>	<u>-</u>
Fund balance, end of year	<u>\$ 125,896</u>	<u>\$ 66,325</u>	<u>\$ 80,146</u>	<u>\$ 13,821</u>

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

ST. JAMES TOWNSHIP

**GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL**

FOR THE YEAR ENDED MARCH 31, 2015

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 190,000	\$ 209,954	\$ 197,832	\$ (12,122)
Intergovernmental revenues				
Grants	-	7,000	74,200	67,200
State shared revenues	36,000	37,174	27,888	(9,286)
Peaine Township reimbursements	29,200	10,185	10,185	-
Total intergovernmental revenues	65,200	54,359	112,273	57,914
Fees and service charges				
Tax collection	20,000	20,805	24,560	3,755
Building and zoning	1,200	900	900	-
Camping fees	1,500	1,215	1,215	-
Rental	44,700	38,261	40,624	2,363
Total fees and service charges	67,400	61,181	67,299	6,118
Interest	400	50	74	24
Other revenue				
Miscellaneous	10,000	75,001	20,817	(54,184)
Total Revenues	\$ 333,000	\$ 400,545	\$ 398,295	\$ (2,250)

ST. JAMES TOWNSHIP
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2015

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Current				
Legislative				
Board	\$ 53,458	\$ 78,929	\$ 99,729	\$ (20,800)
General government				
Supervisor	16,667	16,567	18,210	(1,643)
Elections and registration	1,200	1,743	1,845	(102)
Clerk	19,200	20,041	20,625	(584)
Board of Review	1,000	838	1,902	(1,064)
Assessor	17,000	16,155	15,995	160
Treasurer	20,095	17,781	21,490	(3,709)
Hall and grounds	32,250	28,741	69,573	(40,832)
Public restrooms	-	-	5,537	(5,537)
Cemetery	2,960	2,000	-	2,000
Total general government	<u>110,372</u>	<u>103,866</u>	<u>155,177</u>	<u>(51,311)</u>
Public Safety				
Sheriff services	2,200	3,630	3,630	-
Zoning and planning	8,200	8,507	10,585	(2,078)
Total public safety	<u>10,400</u>	<u>12,137</u>	<u>14,215</u>	<u>(2,078)</u>
Recreation and culture				
Lighthouse	-	-	1,250	(1,250)
Parks	138,900	99,374	70,979	28,395
Total recreation and culture	<u>138,900</u>	<u>99,374</u>	<u>72,229</u>	<u>27,145</u>
Capital outlay	10,000	57,629	-	57,629
Total expenditures	<u>\$ 323,130</u>	<u>\$ 351,935</u>	<u>\$ 341,350</u>	<u>\$ 10,585</u>

ST. JAMES TOWNSHIP

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

MARCH 31, 2015

	<u>Special Revenue Funds</u>						
	<u>Airport</u>	<u>Waste Management</u>	<u>EMS</u>	<u>Historical Society</u>	<u>Medical Center</u>	<u>Liquor Control</u>	<u>Total</u>
Assets							
Accounts receivable	\$ 4,627	\$ 4,534	\$ 4,627	\$ 1,156	\$ 7,866	\$ -	\$ 22,810
Due from other funds	-	-	-	-	-	16,040	16,040
Total assets	\$ 4,627	\$ 4,534	\$ 4,627	\$ 1,156	\$ 7,866	\$ 16,040	\$ 38,850
Liabilities and fund balances							
Liabilities							
Accounts payable	\$ 4,627	\$ 4,534	\$ 4,627	\$ 1,156	\$ 7,866	\$ -	\$ 22,810
Fund balances							
Restricted							
Public safety	-	-	-	-	-	16,040	16,040
Total liabilities and fund balances	\$ 4,627	\$ 4,534	\$ 4,627	\$ 1,156	\$ 7,866	\$ 16,040	\$ 38,850

ST. JAMES TOWNSHIP

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

FOR THE YEAR ENDED MARCH 31, 2015

	Special Revenue Funds						
	<u>Airport</u>	<u>Waste Management</u>	<u>EMS</u>	<u>Historical Society</u>	<u>Medical Center</u>	<u>Liquor Control</u>	<u>Total</u>
Revenues							
Taxes	\$ 47,309	\$ 46,359	\$ 47,309	\$ 11,822	\$ 80,428	\$ -	\$ 233,227
Intergovernmental revenues							
State	-	-	-	-	-	2,142	2,142
Total revenues	<u>47,309</u>	<u>46,359</u>	<u>47,309</u>	<u>11,822</u>	<u>80,428</u>	<u>2,142</u>	<u>235,369</u>
Expenditures							
Current							
Health and Welfare	-	-	47,309	-	80,428	-	127,737
Public works	47,309	46,359	-	-	-	-	93,668
Recreation and culture	-	-	-	11,822	-	-	11,822
Total expenditures	<u>47,309</u>	<u>46,359</u>	<u>47,309</u>	<u>11,822</u>	<u>80,428</u>	<u>-</u>	<u>233,227</u>
Revenues over (under) expenditures	-	-	-	-	-	2,142	2,142
Net changes in fund balances	-	-	-	-	-	2,142	2,142
Fund balances, beginning of year	-	-	-	-	-	13,898	13,898
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,040</u>	<u>\$ 16,040</u>