

ST. JOSEPH CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

December 31, 2015

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St. Joseph Charter Township

Management's Discussion and Analysis

As management of St. Joseph Charter Township, we offer readers of the St. Joseph Charter Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2015. This discussion and analysis is designed to a) assist the reader in focusing on the significant financial issues that occurred during the year, b) provide an overview of the financial activities of the fiscal year, c) identify changes in the Township's financial position, d) identify any material deviations from the approved budget, and e) identify individual fund issues or concerns. All amounts are expressed in actual dollars.

Financial Highlights

- Per the Statement of Net Position, the assets of St. Joseph Charter Township exceeded its liabilities and deferred inflows, at the close of the fiscal year, by \$15,724,500. Of this amount, \$8,914,209 may be used to meet the Township's ongoing obligations to its citizens and creditors.
- The Township's net position increased by \$799,961 from the previous year. Of this amount, \$711,401 is reflected in the Business-Type Activities funds and \$88,560 in Governmental Activities.
- As of the close of the current fiscal year, the St. Joseph Charter Township's governmental funds reported combined ending fund balance increased by \$129,900 to \$5,013,070. The Township's Governmental fund balances are classified as follows:

Unassigned - General Fund - \$1,820,672 - 36.3%

Assigned - Parks, Special Revenue Funds, Capital Project Funds, Budget Appropriations - \$1,470,611 - 29.3%

Restricted - General Fund Metro Act, Special Revenue Funds, Capital Projects - \$1,531,949 - 30.6%

Committed - Election equipment - \$35,000 - 0.7%

Nonspendable - Prepaid Expenses in General Fund, Public Safety Fund and Building Department Fund - \$154,838 - 3.1%

- The General Fund unassigned fund balance is sufficient to cover 126.7% of the 2016 General Fund budgeted expenditures of \$1,436,980. The 2016 General Fund operating budget is currently projected to have a \$111,430 decrease in fund balance. This amount has been incorporated into the 2015 "Assigned Fund Balance" total of \$112,880.
- St. Joseph Charter Township's total debt for the Public Safety Complex on Colfax Avenue decreased by \$101,154 this year. There are 4 years and 2 months remaining on the loan with total principal payments of \$447,006.
- The original funding for the repayment of the principal and interest on the Public Safety Complex loan was a .25 millage that was approved by the voters in November 2008. In addition the Board authorized a transfer of additional funds from the Public Safety operating millage to cover any principal and interest payments that exceed the millage receipts. Due to the Headlee Factor on millage rates, the 2012 tax year rate was reduced to .2499 mills and remained at that rate for the 2015 tax year.
- In the Enterprise Funds, Charges for Services - water revenues - increased by \$10,998.
- Charges for Services in the Sewer Fund declined by \$24,814.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to St. Joseph Charter 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 required 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 St. Joseph Charter Township's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of St. Joseph Charter Township's assets, liabilities, and deferred inflows and outflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of St. Joseph Charter 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, revenue 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 St. Joseph Charter Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of St. Joseph Charter Township include legislative, general government, public safety, public works, health and welfare, community and economic development, recreation and cultural, and interest on long-term debt. The business-type activities of the Township include the water and sewer operating funds.

The government-wide financial statements can be found on pages 4 - 5 of this report.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. St. Joseph Charter 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 St. Joseph Charter 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 the 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 a government-wide financial statement, 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 financial decisions. 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.

In 2015, St. Joseph Charter Township maintained 12 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 major funds - General Fund, Public Safety Fund, and Garbage and Rubbish Collection Fund. The data for the remaining non-major governmental funds are combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

St. Joseph Charter Township adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for the General Fund, the Public Safety Fund, and the Garbage and Rubbish Collection Fund to demonstrate compliance with the respective appropriated budget.

The basic Governmental Fund financial statements can be found on pages 6 - 9 of this report.

Proprietary Funds

St. Joseph Charter Township maintains one type of proprietary fund - Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. St. Joseph Charter Township uses enterprise funds to account for its Water and Sewer Operating Funds. The Township has no internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Operating Funds and are considered to be major funds of the Township.

The basic Proprietary Fund financial statements can be found on pages 10 - 13 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support St. Joseph Charter Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

St. Joseph Charter Township is a trustee/agent for other government units for which it collects tax payments. The Township is responsible for ensuring that the tax dollars collected in the Tax Fund are distributed to the proper government unit.

The basic Fiduciary Fund financial statements can be found on page 14 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes of the financial statements can be found on pages 15 - 28 of this report.

Other Information

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes budgetary comparison schedules.

The combined statements referred to earlier in conjunction with non-major governmental funds are presented immediately following the required supplementary statements.

The supplementary information can be found on pages 29 - 45 of this report.

Government-Wide Financial Analysis

In 2013, the Township implemented GASB Statement 65 - Deferred inflows. The objective of Statement 65 is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or to recognize certain items that were previously reported as assets and liabilities as outflows of resources (expense or expenditures) or inflows of resources (revenues). For 2015, St. Joseph Charter Township had deferred inflows of \$3,024,416 for taxes levied for a subsequent period.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of St. Joseph Charter Township's financial position, assets exceeded liabilities and deferred inflows by \$15,724,500 at the close of the current fiscal year.

St. Joseph Charter Township Statement of Net Position

	Governmental Activities		Business -Type Activities		Total	
	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014
Current and other assets	\$ 8,148,046	\$ 7,964,687	\$ 5,486,265	\$ 4,817,270	\$ 13,634,311	\$ 12,781,957
Capital assets	<u>2,739,770</u>	<u>2,871,034</u>	<u>3,051,467</u>	<u>3,033,051</u>	<u>5,791,237</u>	<u>5,904,085</u>
Total Assets	\$ 10,887,816	\$ 10,835,721	\$ 8,537,732	\$ 7,850,321	\$ 19,425,548	\$ 18,686,042
Long-term liabilities outstanding	\$ 372,719	\$ 468,306	\$ -	\$ -	\$ 372,719	\$ 468,306
Other liabilities	<u>261,951</u>	<u>262,607</u>	<u>41,962</u>	<u>65,952</u>	<u>303,913</u>	<u>328,559</u>
Total Liabilities	\$ 634,670	\$ 730,913	\$ 41,962	\$ 65,952	\$ 676,632	\$ 796,865
Deferred inflows						
Taxes levied for a subsequent period	<u>\$ 3,024,416</u>	<u>\$ 2,964,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,024,416</u>	<u>\$ 2,964,638</u>
Net Position						
Net investment in capital assets	\$ 2,292,764	\$ 2,322,874	\$ 3,051,467	\$ 3,033,051	\$ 5,344,231	\$ 5,355,925
Restricted for:						
Metro Act	127,117	146,643	-	-	127,117	146,643
Special revenues	1,267,562	1,412,807	-	-	1,267,562	1,412,807
Capital projects	71,381	71,063	-	-	71,381	71,063
Unrestricted	<u>3,469,906</u>	<u>3,186,783</u>	<u>5,444,303</u>	<u>4,751,318</u>	<u>8,914,209</u>	<u>7,938,101</u>
Total Net Position	\$ 7,228,730	\$ 7,140,170	\$ 8,495,770	\$ 7,784,369	\$ 15,724,500	\$ 14,924,539

A portion of St. Joseph Charter Township's net position - \$5,344,231 - reflects its net investment in capital assets (e.g., land, construction in progress, buildings, building improvements, land improvements, vehicles, furniture and equipment, and utility systems), less any related debt used to acquire those assets that is still outstanding. St. Joseph Charter Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although St. Joseph Charter 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.

An additional portion of the Township's net position - \$1,466,060 - represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position - \$8,914,209 - may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the year, in the governmental activities category, the Township reports an increase of total assets of \$52,095, a \$96,243 decline in total liabilities, an increase of \$59,778 in deferred inflows and an increase \$88,560 of total net position.

In the business-type activities, the Township is able to report an increase of \$687,411 in total assets and a decline of \$23,990 in total liabilities, resulting in an increase in total net position of \$711,401.

Total activity for current and other assets increased \$852,354 while capital assets decreased \$112,848.

Total long-term liabilities decreased by \$95,587. This reflects the reduction in the long-term notes payable for the loan principal for the Public Safety Complex on Colfax Avenue.

Total current liabilities decreased by \$24,646 and reflects the reduction in payroll due within one year. The above has resulted in a total net position increase of \$799,961 in the current year.

**St. Joseph Charter Township
Change in Net Position**

	Governmental Activities		Business -Type Activities		Total	
	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2014</u>
Revenues/Transfers:						
Program Revenues:						
Charges for services	\$ 355,671	\$ 317,231	\$ 1,911,422	\$ 1,925,238	\$ 2,267,093	\$ 2,242,469
Operating grants/contributions	2,449	3,083	-	-	2,449	3,083
Capital grants/contributions	-	2,959	-	-	-	2,959
General Revenues:						
Taxes	3,060,667	3,048,701	-	-	3,060,667	3,048,701
State revenue	731,092	723,541	-	-	731,092	723,541
Interest earnings	15,552	11,933	12,362	8,178	27,914	20,111
Other revenue	40,132	41,246	3,161	23,432	43,293	64,678
Transfers	-	22,500	-	(22,500)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues/Transfers	<u>\$ 4,205,563</u>	<u>\$ 4,171,194</u>	<u>\$ 1,926,945</u>	<u>\$ 1,934,348</u>	<u>\$ 6,132,508</u>	<u>\$ 6,105,542</u>
Expenses:						
General government	\$ 946,007	\$ 886,082	\$ -	\$ -	\$ 946,007	\$ 886,082
Public safety	2,009,740	2,034,773	-	-	2,009,740	2,034,773
Public works	662,064	664,359	-	-	662,064	664,359
Health and welfare	57,661	57,661	-	-	57,661	57,661
Recreation and culture	425,062	427,236	-	-	425,062	427,236
Community and economic development	2,546	4,834	-	-	2,546	4,834
Debt service	13,923	22,549	-	-	13,923	22,549
Water operating	-	-	231,603	221,352	231,603	221,352
Sewer operating	-	-	983,941	1,026,197	983,941	1,026,197
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 4,117,003</u>	<u>\$ 4,097,494</u>	<u>\$ 1,215,544</u>	<u>\$ 1,247,549</u>	<u>\$ 5,332,547</u>	<u>\$ 5,345,043</u>
Increase (Decrease) in Net Position	\$ 88,560	\$ 73,700	\$ 711,401	\$ 686,799	\$ 799,961	\$ 760,499
Net Position, January 1	<u>7,140,170</u>	<u>7,066,470</u>	<u>7,784,369</u>	<u>7,097,570</u>	<u>14,924,539</u>	<u>14,164,040</u>
Net Position, December 31	<u>\$ 7,228,730</u>	<u>\$ 7,140,170</u>	<u>\$ 8,495,770</u>	<u>\$ 7,784,369</u>	<u>\$ 15,724,500</u>	<u>\$ 14,924,539</u>

Governmental Activities

Governmental activities increased the Township's net position by \$88,560. Key elements of this increase are as follows:

In comparing 2015 to 2014:

- The 2015 Property Taxes levy increased by \$11,966.
- State revenue increased by \$7,551.
- Interest earnings increased by \$3,619.
- Charges for services in governmental activities increased by \$38,440 which is related to the increase in building department permit revenues and cable franchise fees.
- Other revenue decreased by \$1,114 while transfers varied by \$22,500. In 2015 there were no transfers between funds compared to \$22,500 in 2014.
- Total expenditures in governmental activities increased \$19,509.
- General government expenditures increased by \$59,925 and public safety expenditures decreased \$25,033.
- Public works expenditures decreased \$2,295 and recreation and culture decreased by \$2,174.
- For 2015, interest payments on the Colfax Public Safety Complex loan declined by \$8,626.
- Community and economic development expenses declined by \$2,288 and health and welfare were unchanged.

Business-Type Activities

Business-type activities increased the Township's net position by \$711,401. Key elements of this increase are as follows:

- Charges for services declined by \$13,816, interest earnings increased by \$4,184, and other revenue declined by \$20,271. There were no transfers out in 2015.
- Expenditures in the Water Operating Fund increased by \$10,251 while expenditures in the Sewer Operating Fund declined by \$42,256, for a total reduction of \$32,005.

Financial Analysis of the Township's Funds

As noted earlier, St. Joseph Charter Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of St. Joseph Charter Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing St. Joseph Charter 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. Following are details of the Township's three major funds - General Operating, Public Safety, and Garbage and Rubbish Collection Funds.

As of the end of the current fiscal year, St. Joseph Charter Township's governmental funds reported combined ending fund balance of \$5,013,070, an increase of \$129,900. Approximately 36.3% of this total amount - \$1,820,672 - is Unassigned Fund Balance in the General Fund, which is available for spending at the Township's discretion.

Another 29.3% or \$1,470,611 is Assigned Fund Balance - Parks, Special Revenue Funds, Capital Projects Funds, and General Fund budget appropriations.

An additional \$1,531,949, or 30.6%, is Restricted Fund Balance for the Metro Act funding and Special Revenue Funds and capital projects.

For 2015, \$15,000 was Committed for election equipment for a total of \$35,000. The remaining \$154,838 is Nonspendable Fund Balance - prepaid expense in General, Public Safety and Building Department Funds.

GENERAL FUND

The General Fund is the chief operating fund of St. Joseph Charter Township. At the end of the current fiscal year, unassigned fund balance was \$1,802,672, while total fund balance was increased to \$2,178,114. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 126.7% of the General Fund 2016 budgeted expenditures of \$1,436,980.

However, \$357,442 is now classified as Assigned, Committed, Nonspendable and Restricted and would not be available to meet ongoing obligations to the Township's citizens or creditors. Of this amount, \$111,430 has been assigned to budget appropriations as the 2016 expenditure budget is greater than anticipated revenues.

The fund balance of St. Joseph Charter Township's General Fund increased by \$133,833 during the current year compared to the \$210,516 increase in 2014. Key factors in this increase are as follows:

- While the original revenue budget was \$1,314,200, actual revenues were \$1,378,792. While the township received approximately \$3,460 less in revenue sharing, we received \$12,130 in CVTRS shared revenue from the State of Michigan. In addition, the Township received approximately \$43,380 in private donations for Eaton Park improvements. Interest earnings were up approximately \$1,337 and reimbursements/refunds were up \$8,900. Cable franchise fees increased \$7,490. Property taxes and administration fees were up \$2,385 with miscellaneous fees and charges up \$10,420.
- This year's original expenditure budget was \$1,410,065 and was amended to \$1,414,565. Actual expenditures were \$1,244,955 or \$169,606 less than the amended budget. Therefore, the increased revenues and reduction in expenditures resulted in an increase to fund balance of \$133,833.
- The primary budget variance in expenditure reductions occurred in the general government department of \$20,568, \$7,025 in the Clerk's department, \$20,769 in township services, \$16,284 in assessing, \$17,814 in elections, \$47,526 in building and grounds and \$22,659 in parks and recreation.

SPECIAL REVENUE FUNDS - PUBLIC SAFETY

In 2015, the fund balance of St. Joseph Charter Township's Public Safety Fund increased by \$8,578. The original budget projections were a deficit of \$190,605. At the end of the current fiscal year, the restricted fund balance of the Public Safety Fund was \$905,594, \$370,306 was assigned and \$70,970 was nonspendable. As a measure of the Public Safety Fund's liquidity, it may be useful to compare restricted fund balance to total fund expenditures. Restricted fund balance represents 45.2% of total Public Safety 2016 budgeted expenditures of \$2,000,410.

The key factors in this change for the public safety fund are as follows:

- Total revenue from all sources - \$1,796,865 - exceeded the original budget by \$25,165 and total expenditures before transfers - \$1,772,287 - were \$190,018 less than the original budget of \$1,962,305. As personal property taxes will continue to decline due to the new personal property law, property tax revenues will probably not increase dramatically in the near term. For 2015, property taxes increased only \$7,000 from last year.
- The 2015 increase in revenues was distributed across all revenue line items - \$4,300 in property taxes, \$4,100 in civil forfeitures, \$6,200 in sale of equipment and \$3,375 in reimbursements/refunds. We also received funds for insurance claims reimbursement of \$3,540.
- Expenditure reductions in the Police Department totaled \$102,764. Savings were distributed across various line items. The biggest savings were \$13,570 in police officers holiday pay. Several officers took their holiday pay as compensatory time off during the year. \$8,500 was saved in police officers overtime, \$4,900 was saved in FICA expense, and \$10,500 was saved in health insurance premiums due to the new rate structure received from Blue Cross/Blue Shield. There was \$8,300 savings in employer funded medical deductibles as well. Due to the drop in gasoline costs, a \$17,400 savings was realized. Professional services were \$9,100 less than projected and there was a savings of \$3,400 on building and liability insurance premiums.
- Fire Station #1 had a savings of \$20,800. Over \$6,000 was saved in wages and fringe costs and maintenance and repairs of vehicles were down by \$5,500. Gasoline expenses were down \$1,935, uniforms were \$1,660 less than projected and professional services were \$2,100 less. Utility costs were \$3,200 less.
- Fire Station #2 had a savings of \$66,000, of which \$14,000 was in wages and fringe costs. Additional savings of \$3,100 was in operating supplies, \$2,700 in gasoline, \$4,400 in operating equipment and \$5,200 in uniforms. Utility costs were \$4,000 less, and maintenance repair of buildings, equipment and vehicles were \$5,700 less.
- The Public Safety Fund transferred out \$16,000 to the Fire Improvement Fund for the principal and interest payments on the Public Safety Complex loan as the property tax collections were insufficient to complete the yearly payments. This resulted in a savings of \$5,110 from the original budget due to the loan's interest rate reduction in March.

SPECIAL REVENUE FUNDS - GARBAGE AND RUBBISH COLLECTION FUND

In 2015, the Township's Garbage and Rubbish Collection fund balance declined \$62,609. At the end of the current fiscal year, the restricted fund balance of the Garbage and Rubbish Collection Fund was \$264,103 with \$9,517 assigned. As a measure of the Garbage and Rubbish Collection Fund's liquidity, it may be useful to compare restricted fund balance to total fund expenditures. Restricted fund balance represents 38.7% of total Garbage and Rubbish Collection budgeted expenditures of \$682,450 for 2016.

The key factors in this decline are as follows:

- Property tax receipts were only \$2,448 more than budget, and income from other sources was only \$729 more than budget, for a total variance of \$3,177.
- For 2015, total revenue sources budget was \$595,700, and receipts were \$598,877.
- The 2015 expenditure budget was \$677,830. Actual expenditures were \$661,486 resulting in the reduction in fund balance of \$62,609.
- Property tax revenues are currently insufficient to cover the continuing escalation in trash removal services. In addition, with the new law reducing personal property taxes, revenues will continue to decline or have a minimal increase in the future.

- A 3% rate increase from Best Way Disposal was received in 2015, with another 3% increase scheduled for 2016.

The remaining governmental funds fund balances increased by \$50,098. At the end of the fiscal year, the nonspendable fund balance was \$1,423, the restricted fund balance was \$235,135, and the assigned fund balance was \$977,908, for a total of \$1,214,466.

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 position of the Water Operating and Sewer Operating Funds at the end of the current fiscal year amounted to \$5,444,303, an increase of \$692,985.
- The total change in net position was an increase of \$295,246 in the Sewer Fund and an increase of \$416,155 in the Water Fund.
- Six new permanent generators were installed at various high volume lift stations.
- In the Sewer Fund, receipts of sewer services declined by \$24,814 and Water Fund receipts increased \$10,998. In 2015, City of St. Joseph increased their water rates and, as the Township's 50% surcharge are based on the City's rate, there was an increase in revenue. There has not been a sewer rate increase for several years. Sewer usage is based on water consumption. Water usage declined in 2015. Therefore, while water revenue has increased sewer revenue has declined due to reduce water usage.

In 2008, the Lake Michigan Shoreline Water & Sewage Treatment Authority sold \$6,270,000 in bonds for the construction of two water towers and two booster stations. Until 2032, the townships of St. Joseph Charter, Lincoln Charter, and Royalton are responsible for their pro rata share of principal and interest. The repayment of principal and interest will be expensed to the Water Operating Fund. For 2015, St. Joseph Charter Township's share was \$68,893. As there were still monies remaining from the original bond issue, the LMSW&STA Board determined that the April 1 principal payment would be made with the remaining funds in the Construction Fund and the three Townships would be responsible for the April 1 interest payment only. There are still funds available for the repayment of the principal for the 2016 year. For 2017, the remainder of the funds will be used, and the townships will then need to contribute for the remainder of the principal payment.

In 2010, the Southwest Michigan Regional Sanitary Sewer and Water Authority sold \$9,000,000 in Build America Bonds for relining the Hickory Creek Interceptor. Until 2040, the townships of St. Joseph Charter, Lincoln Charter and Royalton are responsible for the pro-rata share of principal and 85% of the interest payments due on the bonds. In 2015, the Township's share of the bond and interest payment was \$159,312. The three Townships' share of the interest payment was increased due to the federal government's reduction in their contribution to the Build America Bond interest payment by approximately 9%. For the 2016 principal payment, there are unused construction funds available from the original bond issue. The Authority Board has agreed to use those funds to make the 2016 payment, resulting in a reduced contribution for St. Joseph Charter Township in 2016.

In 2016, the Township's share of principal and interest payments were budgeted at \$143,195. The quarterly sewer fee for customers served by the Hickory Creek interceptor will remain at the same rate of \$13.69 per quarter in 2016.

General Fund Budgetary Highlights

During the year there was an increase of \$4,500 in expenditure appropriations between the original and amended budget and no increase in revenue projections.

- The Ordinance budget was increased by \$4,500 as it was determined that a position that was originally budgeted as part time, would be combined with another part time position making the employee full time. This resulted in an increase in fringe benefits costs. In addition, a new computer was purchased for the employee's use.
- The amended expenditure budget was \$1,414,565 with actual expenses of \$1,244,959 for a reduction of \$169,606.
- The revenue budget was \$1,314,200 and revenues received were \$1,378,792.
- This resulted in a net increase to the fund balance of \$133,833.

Capital Asset and Debt Administration

St. Joseph Charter Township's investment in capital assets for its governmental and business-type activities as of December 31, 2015 was \$5,791,237 (net of accumulated depreciation). This investment in capital assets includes, land, construction in progress, buildings, building improvements, land improvements, books, vehicles, furniture and equipment, and utility system. The total decrease in the Township's investment in capital assets for the current fiscal year was 1.9% or \$112,848.

St. Joseph Charter Township Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business -Type Activities		Total	
	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2014</u>
Land	\$ 551,174	\$ 551,174	\$ -	\$ -	\$ 551,174	\$ 551,174
Buildings	1,254,783	1,318,328	392	488	1,255,175	1,318,816
Building improvements	36,741	32,970	-	-	36,741	32,970
Land improvements	177,354	195,982	-	-	177,354	195,982
Books	-	52,979	-	-	-	52,979
Vehicles	573,304	592,474	21,880	27,414	595,184	619,888
Furniture and equipment	146,414	127,127	122,458	47,486	268,872	174,613
Utility systems	-	-	2,906,737	2,957,663	2,906,737	2,957,663
Total Capital Assets	<u>\$ 2,739,770</u>	<u>\$ 2,871,034</u>	<u>\$ 3,051,467</u>	<u>\$ 3,033,051</u>	<u>\$ 5,791,237</u>	<u>\$ 5,904,085</u>

Major capital asset events during the current fiscal year included the following:

- The Township purchased a new dump truck for the Parks Department.
- Six new permanent generators were installed at lift stations.
- Depreciation expenses for the utility systems in the water and sewer operating funds were \$120,835 and depreciation for governmental functions was \$232,733.

- In 2015 an agreement between the Township and the City of St. Joseph relinquished the Township's ownership in library books. Therefore, the remaining undepreciated costs were eliminated from the total of capital assets.

Additional information on St. Joseph Charter Township's capital assets can be found in note 4 on pages 23-24 of this report.

Long-Term Debt

In January 2010, St. Joseph Charter Township signed a promissory note for \$995,000 for the repayment of the construction loan for the Public Safety Complex on Colfax Avenue. The note was for 10 years and payments for principal and interest are on a monthly basis. The residents of the Township passed a .25 millage in November 2008 that is being used to repay this loan.

Outstanding Debt Public Safety Complex

January 1, 2015 Balance	\$	548,160
Less 2015 Payment		<u>(101,154)</u>
December 31, 2015 Balance	\$	<u>447,006</u>

Year Ending December 31	<u>Debt</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 103,128	\$ 10,239	\$ 113,367
2017	105,799	7,568	113,367
2018	108,540	4,827	113,367
2019	111,351	2,016	113,367
2020	<u>18,188</u>	<u>58</u>	<u>18,246</u>
	<u>\$ 447,006</u>	<u>\$ 24,708</u>	<u>\$ 471,714</u>

- In 2015, the Township's principal payments were \$101,154, reducing the loan balance to \$447,006.
- For 2012, due to the Headlee Factor, the millage rate was reduced to .2499. This millage rate will also be levied for the 2016 tax year.
- There are no other long-term debts for the Township.
- In March, 2015, the interest rate for the remainder of the loan was reduced. This will result in savings for the Township's transfer from the Public Safety Fund.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- In November, 2014, the Township Board approved a new Blue Cross/Blue Shield medical insurance plan that met the requirements of the Affordable Care Act. Premiums rates are now based on the age of each person enrolled in the plan. Deductible and out-of-pocket charges were changed as well, resulting in a minimal increase in cost to the Township, but some employees will experience substantial increases in their monthly payroll deduction for medical premiums. 2016 dental insurance premiums declined/increased based upon classification. Vision insurance premiums increased slightly for 2016.
- Full-time employees will continue to pay 10% of the medical, dental and vision insurance premiums.
- The Police Department has budgeted funds for the replacement of two squad cars and related interior equipment.
- In 2010 the Southwest Michigan Regional Sanitary Sewer and Water Authority began the relining project of the Hickory Creek Interceptor. This interceptor is utilized by the residents that are served by the City of St. Joseph Water plant - SJCT-West. The Authority issued Build America Bonds in the amount of \$9,000,000. For 2016, the Township has budgeted \$143,195 for its share of the bond and interest repayment. Due to the 2013 federal sequestration, the federal government did not contribute its full 35% share of the Build America Bond interest payment and the three Townships were required to pay the balance. Therefore, additional funds have been included for 2016 in the event that the federal government reduces its contribution.
- To make the above payments, a quarterly sewer flat charge of \$13.69 per account will continue for 2016.
- In 2006, the Township residents passed a 10 year millage for library services. Sufficient funds have been received from the millage to maintain the Township's yearly contributions contract of \$175,000 with the City of St. Joseph for library services at the Maud Preston Palenske Memorial Library. 2016 will be the final year for this agreement and millage. A millage issue will be placed on the August 2016 election to renew the millage for library services effective with the December 1, 2016 winter tax bill.
- During the current fiscal year, the unassigned fund balance in the General Fund increased to \$1,820,672 with \$82,445 in nonspendable fund balance, \$127,117 in restricted, \$35,000 in committed fund balance for election equipment, and \$1,450 in assigned fund balance for parks and \$111,430 assigned for budget appropriations.
- The 2016 General Fund operating budget was approved with a projection that there will be a \$111,430 decrease in fund equity. Medical insurance will impact several departments due to the new ACA rate calculations. In Township Services, additional funds have been budgeted for the Township's contribution to the Berrien County Road Commission for subdivision road repairs. Additional funds have also been budgeted for a new drainage district. \$20,000 was added to the Professional Services line item for the Township's Master Plan. Therefore, for those two expenditures, the budget for 2016 has been increased by \$70,000 from 2015, The elections budget was increased by \$13,850 from the prior year as there will be three major elections in 2016. All department budgets will be closely monitored during the year and the Board of Trustees will be kept apprised on the actual and anticipated revenue and expenditures. Budget adjustments will be made as needed. Revenue projections are \$1,325,550, and expenditures are projected at \$1,436,980.
- In the Public Safety Fund, the budget was approved with a projection that there will be a \$191,910 reduction to assigned fund balance. In 2016, two squad cars will be replaced at an estimated cost of \$66,400. The 2015 union contract was negotiated with a 3% wage increase for 2016. The wage increase and related fringe benefit costs will contribute to the \$50,055 increase in budget for this department. Total revenue is projected to be \$1,808,500, while expenditures are projected to be \$2,000,410.

- For 2016, the Garbage and Rubbish Collection Fund is projected to have revenues of \$606,250 with expenditures of \$682,450, resulting in a reduction to fund equity of \$76,200.
- It is anticipated that in 2016 the Water Operating Fund will expend approximately \$64,090 for the Township's share of bond principal and interest for the Lake Michigan Shoreline Water and Sewage Treatment Authority's water tower project that was completed in 2008.
- It is anticipated that in 2016 the Sewer Operating Fund will expend approximately \$143,195 for the Township's share of the bond principal and interest for the Southwest Michigan Regional Sanitary Sewer and Water Treatment Authority's Hickory Creek Interceptor project. This budget amount is based upon the federal government not contributing its original 35% share of interest payments. The budget is based on receiving only 25% from the federal government. A similar percentage was received from the federal government in 2015.

Request for Information

This financial report is designed to provide a general overview of St. Joseph Charter Township's 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:

**St. Joseph Charter Township
3000 Washington Avenue
P. O. Box 147
St. Joseph, MI 49085**

ST. JOSEPH CHARTER TOWNSHIP
TOWNSHIP BOARD

Roger SeelySupervisor
Denise Cook..... Clerk
David Vonk..... Treasurer
Tim FenderboschManager
Charles Garlanger.....Trustee
Gary Bluschke.....Trustee
Melissa HahnTrustee
Ronald A. Griffin.....Trustee



T: 269.983.0534 | Fifth Third Bank Building, Fourth Floor
F: 269.983.7050 | 830 Pleasant Street, P.O. Box 44
www.gerbel.com | St. Joseph, Michigan 49085

February 2, 2016

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
St. Joseph Charter Township
St. Joseph, 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 St. Joseph Charter Township, as of and for the year ended December 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.

INDEPENDENT AUDITOR'S REPORT - Continued

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 St. Joseph Charter Township, as of December 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 and budgetary comparison information on pages I–XIV and 30 through 32 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 St. Joseph Charter Township's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining and individual nonmajor fund financial statements, and supporting schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Seibel & Company, P.C.

ST. JOSEPH CHARTER TOWNSHIP
Statement of Net Position
December 31, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 5,162,565	\$ 5,371,835	\$ 10,534,400
Taxes receivable	1,417,006	32,522	1,449,528
Accounts receivable	20,215	-	20,215
Due from fiduciary funds	1,289,379	8,776	1,298,155
Due from other governments	104,043	59,043	163,086
Prepaid expenses	154,838	14,089	168,927
Capital assets - NOTE 4:			
Nondepreciable	551,174	-	551,174
Depreciable, net of accumulated depreciation	<u>2,188,596</u>	<u>3,051,467</u>	<u>5,240,063</u>
Total Assets	<u>\$ 10,887,816</u>	<u>\$ 8,537,732</u>	<u>\$ 19,425,548</u>
Liabilities			
Current Liabilities			
Accounts payable	\$ 79,098	\$ 39,919	\$ 119,017
Internal balances	125	(125)	-
Payroll liabilities	31,337	1,654	32,991
Compensated absences	48,263	514	48,777
Note payable	<u>103,128</u>	<u>-</u>	<u>103,128</u>
Total Current Liabilities	<u>\$ 261,951</u>	<u>\$ 41,962</u>	<u>\$ 303,913</u>
Noncurrent Liabilities			
Compensated absences	\$ 28,841	\$ -	\$ 28,841
Note payable	<u>343,878</u>	<u>-</u>	<u>343,878</u>
Total Noncurrent Liabilities	<u>\$ 372,719</u>	<u>\$ -</u>	<u>\$ 372,719</u>
Total Liabilities	<u>\$ 634,670</u>	<u>\$ 41,962</u>	<u>\$ 676,632</u>
Deferred Inflows			
Taxes levied for a subsequent period	<u>\$ 3,024,416</u>	<u>\$ -</u>	<u>\$ 3,024,416</u>
Net Position			
Net investment in capital assets	\$ 2,292,764	\$ 3,051,467	\$ 5,344,231
Restricted for:			
Metro Act	127,117	-	127,117
Special revenues	1,267,562	-	1,267,562
Capital projects	71,381	-	71,381
Unrestricted	<u>3,469,906</u>	<u>5,444,303</u>	<u>8,914,209</u>
TOTAL NET POSITION	<u>\$ 7,228,730</u>	<u>\$ 8,495,770</u>	<u>\$ 15,724,500</u>

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

ST. JOSEPH CHARTER TOWNSHIP
Statement of Activities
For the Year Ended December 31, 2015

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary Government:							
Government Activities:							
General government	\$ 946,007	\$ 157,374	\$ -	\$ -	\$ (788,633)	\$ -	\$ (788,633)
Public safety	2,009,740	187,272	2,449	-	(1,820,019)	-	(1,820,019)
Public works	662,064	11,025	-	-	(651,039)	-	(651,039)
Health and welfare	57,661	-	-	-	(57,661)	-	(57,661)
Community and economic development	2,546	-	-	-	(2,546)	-	(2,546)
Recreation and culture	425,062	-	-	-	(425,062)	-	(425,062)
Interest on long-term debt	13,923	-	-	-	(13,923)	-	(13,923)
Total Government Activities	\$ 4,117,003	\$ 355,671	\$ 2,449	\$ -	\$ (3,758,883)	\$ -	\$ (3,758,883)
Business-Type Activities:							
Sewer fund	\$ 983,941	\$ 1,272,489	\$ -	\$ -	\$ -	\$ 288,548	\$ 288,548
Water fund	231,603	638,933	-	-	-	407,330	407,330
Total Business-Type Activities	\$ 1,215,544	\$ 1,911,422	\$ -	\$ -	\$ -	\$ 695,878	\$ 695,878
Total Primary Government	\$ 5,332,547	\$ 2,267,093	\$ 2,449	\$ -	\$ (3,758,883)	\$ 695,878	\$ (3,063,005)
General Revenues:							
Property taxes					\$ 3,060,667	\$ -	\$ 3,060,667
State revenue					731,092	-	731,092
Interest					15,552	12,362	27,914
Other revenue					40,132	3,161	43,293
Transfers					-	-	-
Total General Revenues and Transfers					\$ 3,847,443	\$ 15,523	\$ 3,862,966
Change in Net Position					\$ 88,560	\$ 711,401	\$ 799,961
Net Position - Beginning of Year					7,140,170	7,784,369	14,924,539
NET POSITION - END OF YEAR					\$ 7,228,730	\$ 8,495,770	\$ 15,724,500

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

**ST. JOSEPH CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
Balance Sheet
December 31, 2015**

	<u>General Fund</u>	<u>Public Safety Fund</u>	<u>Garbage and Rubbish Collection Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash	\$ 2,016,995	\$ 1,500,361	\$ 394,632	\$ 1,250,577	\$ 5,162,565
Taxes receivable	168,292	832,405	283,910	132,399	1,417,006
Accounts receivable	20,215	-	-	-	20,215
Due from other funds	149,409	759,962	259,133	120,875	1,289,379
Due from other governments	104,043	-	-	-	104,043
Prepaid expense	<u>82,445</u>	<u>70,970</u>	<u>-</u>	<u>1,423</u>	<u>154,838</u>
TOTAL ASSETS	<u>\$ 2,541,399</u>	<u>\$ 3,163,698</u>	<u>\$ 937,675</u>	<u>\$ 1,505,274</u>	<u>\$ 8,148,046</u>
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities:					
Accounts payable	\$ 10,666	\$ 8,222	\$ 54,613	\$ 5,597	\$ 79,098
Payroll liabilities	9,242	21,164	-	931	31,337
Due to other funds	<u>-</u>	<u>125</u>	<u>-</u>	<u>-</u>	<u>125</u>
Total Liabilities	<u>\$ 19,908</u>	<u>\$ 29,511</u>	<u>\$ 54,613</u>	<u>\$ 6,528</u>	<u>\$ 110,560</u>
Deferred Inflows:					
Taxes levied for a subsequent period	<u>\$ 343,377</u>	<u>\$ 1,787,317</u>	<u>\$ 609,442</u>	<u>\$ 284,280</u>	<u>\$ 3,024,416</u>
Fund Balances:					
Nonspendable:					
Prepaid expense	\$ 82,445	\$ 70,970	\$ -	\$ 1,423	\$ 154,838
Restricted for:					
Metro Act	127,117	-	-	-	127,117
Special revenue	-	905,594	264,103	163,754	1,333,451
Capital projects	-	-	-	71,381	71,381
Committed for:					
Election equipment	35,000	-	-	-	35,000
Assigned to:					
Parks	1,450	-	-	-	1,450
Special revenue	-	370,306	9,517	1,270	381,093
Capital projects	-	-	-	976,638	976,638
Budget appropriations	111,430	-	-	-	111,430
Unassigned:					
General Fund	<u>1,820,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,820,672</u>
Total Fund Balances	<u>\$ 2,178,114</u>	<u>\$ 1,346,870</u>	<u>\$ 273,620</u>	<u>\$ 1,214,466</u>	<u>\$ 5,013,070</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 2,541,399</u>	<u>\$ 3,163,698</u>	<u>\$ 937,675</u>	<u>\$ 1,505,274</u>	<u>\$ 8,148,046</u>

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

ST. JOSEPH CHARTER TOWNSHIP
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2015

Fund balances of governmental funds	\$ 5,013,070
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives.	2,739,770
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	(447,006)
Compensated absences are not due and payable in the current period nor are they reflected as reductions to debt in the funds.	<u>(77,104)</u>
Net position of governmental activities	<u>\$ 7,228,730</u>

**ST. JOSEPH CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended December 31, 2015**

	<u>General Fund</u>	<u>Public Safety Fund</u>	<u>Garbage and Rubbish Collection Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 432,859	\$ 1,751,826	\$ 597,348	\$ 278,634	\$ 3,060,667
Licenses and permits	119,066	-	-	173,213	292,279
State grants:					
Operating grants	731,092	255	-	2,194	733,541
Charges for services	8,925	3,775	25	11,000	23,725
Fines and forfeitures	43	10,284	-	-	10,327
Interest and rent:					
Rent	-	-	-	29,340	29,340
Interest	6,157	4,610	1,454	3,331	15,552
Other revenue	80,650	26,115	50	10,036	116,851
	<u>1,378,792</u>	<u>1,796,865</u>	<u>598,877</u>	<u>507,748</u>	<u>4,282,282</u>
Total Revenues	\$ 1,378,792	\$ 1,796,865	\$ 598,877	\$ 507,748	\$ 4,282,282
Expenditures:					
Current:					
General government	\$ 925,293	\$ -	\$ -	\$ 15,292	\$ 940,585
Public safety	33,289	1,714,626	-	168,104	1,916,019
Public works	-	-	661,486	-	661,486
Health and welfare	-	57,661	-	-	57,661
Community and economic development	2,546	-	-	-	2,546
Recreation and culture	283,831	-	-	175,177	459,008
Debt retirement:					
Principal	-	-	-	101,154	101,154
Interest	-	-	-	13,923	13,923
	<u>1,244,959</u>	<u>1,772,287</u>	<u>661,486</u>	<u>473,650</u>	<u>4,152,382</u>
Total Expenditures	\$ 1,244,959	\$ 1,772,287	\$ 661,486	\$ 473,650	\$ 4,152,382
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 133,833</u>	<u>\$ 24,578</u>	<u>\$ (62,609)</u>	<u>\$ 34,098</u>	<u>\$ 129,900</u>
Other Financing Sources (Uses):					
Transfers in	\$ -	\$ -	\$ -	\$ 16,000	\$ 16,000
Transfers out	-	(16,000)	-	-	(16,000)
	<u>-</u>	<u>(16,000)</u>	<u>-</u>	<u>16,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	\$ -	\$ (16,000)	\$ -	\$ 16,000	\$ -
Net Change in Fund Balances	\$ 133,833	\$ 8,578	\$ (62,609)	\$ 50,098	\$ 129,900
Fund Balances - Beginning of the Year	<u>2,044,281</u>	<u>1,338,292</u>	<u>336,229</u>	<u>1,164,368</u>	<u>4,883,170</u>
FUND BALANCES - END OF YEAR	\$ 2,178,114	\$ 1,346,870	\$ 273,620	\$ 1,214,466	\$ 5,013,070

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

ST. JOSEPH CHARTER 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 December 31, 2015

Net change in fund balances - total governmental funds \$ 129,900

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures in the statement of activities; these costs are allocated over their estimated useful lives as depreciation.

Depreciation expense	(232,733)
Capital outlay	178,188

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized over the life of the bond in the statement of activities.

Principal payments	101,154
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Changes in compensated absences are reported as expenditures when financial resources are used in governmental funds.	(11,230)
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The net effect of trade-ins and sales involving capital assets is to decrease net position.	(76,719)
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Changes in net position of governmental activities	\$ 88,560
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**ST. JOSEPH CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 Statement of Net Position
 December 31, 2015**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Enterprise Funds</u>
Assets			
Current Assets:			
Cash	\$ 2,573,739	\$ 2,798,096	\$ 5,371,835
Receivables	24,451	8,071	32,522
Due from other funds	7,967	934	8,901
Due from other governments	35,771	23,272	59,043
Prepaid expenses	<u>13,465</u>	<u>624</u>	<u>14,089</u>
Total Current Assets	<u>\$ 2,655,393</u>	<u>\$ 2,830,997</u>	<u>\$ 5,486,390</u>
Noncurrent Assets:			
Capital assets, net of accumulated depreciation			
Buildings	\$ 392	\$ -	\$ 392
Vehicles	21,880	-	21,880
Furniture and equipment	122,458	-	122,458
Utility systems	<u>114,285</u>	<u>2,792,452</u>	<u>2,906,737</u>
Total Noncurrent Assets	<u>\$ 259,015</u>	<u>\$ 2,792,452</u>	<u>\$ 3,051,467</u>
Total Assets	<u>\$ 2,914,408</u>	<u>\$ 5,623,449</u>	<u>\$ 8,537,857</u>
Liabilities and Net Position			
Current Liabilities:			
Accounts payable	\$ 39,644	\$ 275	\$ 39,919
Payroll liabilities	1,476	178	1,654
Compensated absences	<u>514</u>	<u>-</u>	<u>514</u>
Total Current Liabilities	<u>\$ 41,634</u>	<u>\$ 453</u>	<u>\$ 42,087</u>
Total Liabilities	<u>\$ 41,634</u>	<u>\$ 453</u>	<u>\$ 42,087</u>
Net Position:			
Net investment in capital assets	\$ 259,015	\$ 2,792,452	\$ 3,051,467
Unrestricted	<u>2,613,759</u>	<u>2,830,544</u>	<u>5,444,303</u>
TOTAL NET POSITION	<u>\$ 2,872,774</u>	<u>\$ 5,622,996</u>	<u>\$ 8,495,770</u>

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

**ST. JOSEPH CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 Statement of Revenues, Expenses, and
 Changes in Net Position
 For the Year Ended December 31, 2015**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Enterprise Funds</u>
Operating Revenues:			
Charges for services	\$ 1,272,489	\$ 638,933	\$ 1,911,422
Other revenue	<u>775</u>	<u>2,386</u>	<u>3,161</u>
Total Operating Revenues	<u>\$ 1,273,264</u>	<u>\$ 641,319</u>	<u>\$ 1,914,583</u>
Operating Expenses:			
Water	\$ -	\$ 131,428	\$ 131,428
Sewer	963,281	-	963,281
Depreciation	<u>20,660</u>	<u>100,175</u>	<u>120,835</u>
Total Operating Expenses	<u>\$ 983,941</u>	<u>\$ 231,603</u>	<u>\$ 1,215,544</u>
Operating Income	<u>\$ 289,323</u>	<u>\$ 409,716</u>	<u>\$ 699,039</u>
Nonoperating Revenue:			
Interest income	\$ 5,923	\$ 6,439	\$ 12,362
Gain on sale of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenue	<u>\$ 5,923</u>	<u>\$ 6,439</u>	<u>\$ 12,362</u>
Change in Net Position	\$ 295,246	\$ 416,155	\$ 711,401
Total Net Position - Beginning of Year	<u>2,577,528</u>	<u>5,206,841</u>	<u>7,784,369</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 2,872,774</u></u>	<u><u>\$ 5,622,996</u></u>	<u><u>\$ 8,495,770</u></u>

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

**ST. JOSEPH CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 Combining Statement of Cash Flows
 For the Year Ended December 31, 2015**

	Business - Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Cash Flows From Operating Activities:			
Cash receipts from customers	\$ 1,286,184	\$ 645,009	\$ 1,931,193
Payments to employees	(134,937)	(15,495)	(150,432)
Payments of benefits on behalf of employees	(44,090)	(3,176)	(47,266)
Payments to suppliers	(597,595)	(7,171)	(604,766)
Payments to LMSW and STA	(214,299)	(105,551)	(319,850)
Net cash provided by operating activities	\$ 295,263	\$ 513,616	\$ 808,879
Cash Flows From Capital and Related Financing Activities:			
Interest received	\$ 5,923	\$ 6,439	\$ 12,362
Purchase of fixed assets	(101,479)	(37,772)	(139,251)
Net cash used by capital and related financing activities	\$ (95,556)	\$ (31,333)	\$ (126,889)
Net increase in cash	\$ 199,707	\$ 482,283	\$ 681,990
Balances - Beginning of Year	2,374,032	2,315,813	4,689,845
BALANCES - END OF YEAR	\$ 2,573,739	\$ 2,798,096	\$ 5,371,835

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

**ST. JOSEPH CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 Combining Statement of Cash Flows
 For the Year Ended December 31, 2015**

	Business - Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 289,323	\$ 409,716	\$ 699,039
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expenses	\$ 20,660	\$ 100,175	\$ 120,835
(Increase) decrease in:			
Receivables	6,519	1,547	8,066
Due from other funds	517	778	1,295
Due from other governments	5,884	1,365	7,249
Prepaid expenses	(2,055)	(281)	(2,336)
Increase (decrease) in:			
Accounts payable	(22,121)	275	(21,846)
Payroll liabilities	283	41	324
Compensated absences	(3,747)	-	(3,747)
Total adjustments	<u>\$ 5,940</u>	<u>\$ 103,900</u>	<u>\$ 109,840</u>
Net cash provided by operating activities	<u>\$ 295,263</u>	<u>\$ 513,616</u>	<u>\$ 808,879</u>

**ST. JOSEPH CHARTER TOWNSHIP
FIDUCIARY FUNDS
Statement of Fiduciary Net Position
December 31, 2015**

	<u>Agency Funds</u>
Assets	
Cash	\$ <u>1,634,047</u>
TOTAL ASSETS	\$ <u><u>1,634,047</u></u>
Liabilities	
Accounts payable	\$ 8,295
Undistributed taxes, interest, licenses, and revenues	3,100
Due to other funds	1,298,155
Due to other governments	<u>324,497</u>
TOTAL LIABILITIES	\$ <u><u>1,634,047</u></u>

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by St. Joseph Charter Township ("Township"), Michigan, conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies are described below:

A. Reporting Entity

The Township is governed by an elected seven-member Board of Trustees. The accompanying financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate component units of the Township. Based on the application of the criteria, the Township does not contain any component units. The following is a brief review of each potential component unit addressed in defining the Township's reporting entity.

Joint Ventures:

Lake Michigan Shoreline Water & Sewage Treatment Authority and Southwest Michigan Regional Sanitary Sewer and Water Authority. These potential component units are disclosed as joint ventures because the Township; (1) selects governing authority, (2) approves the budget, (3) is responsible for fund deficits, and (4) provides subsidies. See Note 3 for further information on the joint ventures.

Jointly Governed Organizations:

Community Emergency Services, Inc., operating as Medic 1 Ambulance (nonprofit). This potential component unit is disclosed as a jointly governed organization because it is jointly governed by various municipal governments, including St. Joseph Charter Township, but the Township does not have an ongoing financial interest or ongoing financial responsibility. The Township is entitled to the rights and privileges of one voting board member. Medic 1 is organized for the purpose of providing emergency ambulance service to surrounding communities. The Township's portion of the community operating subsidies for the year ended December 31, 2015 was \$57,661.

The Southwest Michigan Regional Airport Authority. This potential component unit is disclosed as a jointly governed organization because it is jointly governed by various municipal governments, including St. Joseph Charter Township, but the Township does not have an ongoing financial interest or ongoing financial responsibility. The Township is entitled to the rights and privileges of one voting board member. The Authority was formed to operate, maintain, and improve the Southwest Michigan Regional Airport. The Authority levies a .0999 millage collected by the Township from its citizens.

B. 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 of the Township. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Government-Wide and Fund Financial Statements - Continued

The Statement of Activities demonstrates the degree to which the direct expenses of a 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 fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

The Township reports three categories of net position, as follows:

Net Investment in Capital Assets - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources to those assets.

Restricted Net Position - Net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Township's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted Net Position - consists of remaining net position that does not meet the definition of the above two components and is available for general use by the Township.

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable Fund Balance - The nonspendable fund balance category represents amounts that are not in a spendable form or are required to be maintained intact.

Restricted Fund Balance - The restricted fund balance category represents amounts constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation.

Committed Fund Balance - The committed fund balance category represents amounts constrained to specific purposes by the Township Board; to be reported as committed, amounts cannot be used for any other purpose unless the Township Board takes action to remove or change the constraint.

Assigned Fund Balance - The assigned fund balance category represents amounts the Township Board intends to use for a specific purpose; intent can be expressed by the Township Board or by an official or committee to which the Township Board delegates the authority.

Unassigned Fund Balance - The unassigned fund balance category represents amounts that are available for any purpose; these amounts are reported only in the general fund.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first. When committed, assigned, or unassigned resources are available for use, it is the Township's policy to use the committed resources first, followed by assigned and unassigned resources.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. 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 revenues 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

St. Joseph Charter Township reports the following major governmental funds:

The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Public Safety Fund** is used to account for the police department, as well as the two fire stations and ambulance services.

The **Garbage and Rubbish Collection Fund** is used to account for the collection of garbage and rubbish within the Township.

St. Joseph Charter Township reports the following major proprietary funds:

The **Water Operating Fund** accounts for the activities related to the Township's share of the Southwest Michigan Regional Sanitary Sewer and Water Authority's water production, purification, distribution, and billing.

The **Sewer Operating Fund** accounts for the activities related to the Township's share of the Southwest Michigan Regional Sanitary Sewer and Water Authority's sanitary collections system and wastewater treatment.

Additionally, St. Joseph Charter Township reports the following fund type:

The **Agency Funds** are used to account for assets as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Water Fund, Sewer Fund, and other functions and segments. Elimination of these charges would distort the direct costs and program revenues for the functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general taxes.

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. Operating expenses for enterprise funds 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.

D. Budgetary Data

At an October meeting the Manager submits to the Township Board a proposed operating budget for the calendar year. The operating budget includes proposed expenditures and the means of financing them for all governmental and proprietary fund types. Public hearings are then conducted at the Township Hall to obtain taxpayer comments. Prior to December 15, the budget is legally enacted on a summary budget basis through a general appropriations act.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. sewer and water lines), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by St. Joseph Charter Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

All capital assets, excluding books, are valued at historical cost or estimated historical cost if actual cost is not available. Books are valued based on the agreement made with the City of St. Joseph. Donated capital assets are recorded at estimated fair market value on the date of donation.

An agreement for library service between the City of St. Joseph and St. Joseph Charter Township was signed on February 14, 2005. The agreement states that in consideration for the Township's annual contribution, "The Township shall in each Library Fiscal Year acquire an equity interest in all tangible personal property acquired by the Library in an amount equal to the Township's Percentage of Contribution for that year." Percentage of contribution is defined as "the Township's annual contribution divided by the sum of the Township's annual contribution and the City's annual contribution for the same Library Fiscal Year". As requested by the city of St. Joseph, St. Joseph Charter Township agreed to rescind Section 5. Personal Property Equity of the Agreement for Library Service date February 14, 2005. Beginning in 2015, the City of St. Joseph will no longer be required to calculate a value of the Library's personal property based on the Township's percentage of contribution and, thus, eliminate the need of depreciating personal property. St. Joseph Charter Township relinquished claims to any books that have not been fully depreciated as of January 1, 2015.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Capital Assets - Continued

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statements of net position. The straight-line depreciation method is applied over the estimated useful life of all depreciable capital assets.

The estimated useful lives for capital assets are displayed in the table below:

<u>Asset Class</u>	<u>Depreciable Life</u>
Land	N/A
Buildings	25-50 years
Equipment	5-15 years
Vehicles	3-12 years
Utility Systems	10-40 years
Land Improvements	15-25 years

F. Long-Term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statements of net position.

In the fund financial statements, the repayment of principal of long-term debt is recorded as a debt service expenditure. The face amount of debt issued is reported as other financing sources.

G. Property Taxes

Township property taxes are levied on December 1 and are payable without penalty through February 14. The Township bills and collects its own property taxes as well as taxes for the County and several school districts within its jurisdiction. Collections and remittances of all taxes are accounted for in the Current Tax Agency Fund. Township property tax revenues are recognized in the fund financial statements as revenues in the calendar year following the levy date.

H. Sanitation and Water Billings

The Township has a contract with the City of St. Joseph for Sanitation Supply System and Water Supply System billings. The City collects the Township's portion of billings and remits those to the Township according to the contract.

I. Cash and Investments

Investments are stated at cost or amortized cost, which approximates market value. All highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are defined as cash equivalents. Currently, the Township has no investments or cash equivalents.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

K. Deferred Inflows of Resources

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods.

NOTE 2 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loans associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township has designated four financial institutions for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments with the state statutory authority as listed above.

The Township's deposits and investments are subject to one type of risk, as listed below:

Custodial Credit Risk of 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. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. The Township's investment policy does not specifically address custodial credit risk for deposits. As of December 31, 2015, \$10,928,369 of the government's \$12,168,447 with a corresponding bank balance of \$11,448,927 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 2,657,713
Uninsured and Collateralized	<u>8,270,656</u>
Total Exposed to Custodial Credit Risk	<u>\$ 10,928,369</u>

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2015

NOTE 3 - JOINT VENTURES

Lake Michigan Shoreline Water & Sewage Treatment Authority

On July 18, 1964, the Townships of St. Joseph and Lincoln, and Villages of Shoreham and Stevensville formed a joint venture to acquire, improve, extend and operate a water supply and sewage disposal system. In January 2000, Royalton Township joined the Authority.

The governing body consists of eight members. Each township selects two members and each village selects one member. From these eight members a Chairman, Vice-Chairman, Secretary and Treasurer are selected.

As of July 1, 2007, the Township discontinued contributions to Lake Michigan Shoreline Water & Sewage Treatment Authority.

As of December 31, 2015, the Township paid the Authority \$68,893 for debt retirement.

A copy of the audited financial report will be made available for review at the Township office after the June 30, 2016 audit report is issued.

The following is audited financial information from the Lake Michigan Shoreline Water & Sewage Treatment Authority for the year ended June 30, 2015. A copy of the audited financial report is available for review at the Township office.

Assets	\$ 5,557,890
Liabilities	4,882,281
Net Position	675,609
Revenues	206,640
Expenditures	360,078
Change in Net Position	(153,438)

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2015

NOTE 3 - JOINT VENTURES - Continued

Southwest Michigan Regional Sanitary Sewer & Water Authority

Beginning July 19, 2007, the Township began contributing to the Southwest Michigan Regional Sanitary Sewer & Water Authority.

The governing body consists of nine members. Each township selects three members. From these nine members a Chairman, Vice-Chairman, Secretary and Treasurer are selected.

An annual budget is submitted to and approved by the Authority. Once this has been completed, the budget is reviewed by each respective municipality for approval.

The member contribution percentages for the year ended December 31, 2015, are as follows: St. Joseph Charter Township - 35.18%, Lincoln Charter Township - 52.53%, and Royalton Township - 12.29%.

As of December 31, 2015, the Township has contributed \$91,644 to the Authority's operations and \$159,312 for debt retirement.

A copy of the audited financial report will be made available for review at the Township office after the June 30, 2016 audit report is issued.

The following is audited financial information from the Southwest Michigan Regional Sanitary Sewer & Water Authority for the year ended June 30, 2015. A copy of the audited financial report is available for review at the Township office.

Assets	\$ 9,152,453
Liabilities	8,101,752
Net Position	1,050,701
Revenues	1,001,382
Expenditures	1,017,426
Change in Net Position	(16,044)

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2015

NOTE 4 - CAPITAL ASSETS

Capital assets activities for the year ended December 31, 2015 were as follows:

	Balance January 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	Balance December 31, <u>2015</u>
Governmental Activities					
Nondepreciable Capital Assets					
Land	\$ 551,174	\$ -	\$ -	\$ -	\$ 551,174
Total Nondepreciable Capital Assets	<u>\$ 551,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 551,174</u>
Depreciable Capital Assets					
Buildings	\$ 2,210,434	\$ -	\$ -	\$ -	\$ 2,210,434
Building improvements	73,783	8,307	-	-	82,090
Land improvements	622,867	12,053	-	-	634,920
Books	524,003	-	(524,003)	-	-
Vehicles	1,229,495	102,947	(59,350)	-	1,273,092
Furniture and equipment	<u>472,488</u>	<u>54,881</u>	<u>-</u>	<u>-</u>	<u>527,369</u>
Total Depreciable Capital Assets	<u>\$ 5,133,070</u>	<u>\$ 178,188</u>	<u>\$ (583,353)</u>	<u>\$ -</u>	<u>\$ 4,727,905</u>
Less accumulated depreciation for:					
Buildings	\$ (892,106)	\$ (63,545)	\$ -	\$ -	\$ (955,651)
Building improvements	(40,813)	(4,536)	-	-	(45,349)
Land improvements	(426,885)	(30,681)	-	-	(457,566)
Books	(471,024)	-	471,024	-	-
Vehicles	(637,021)	(98,377)	35,610	-	(699,788)
Furniture and equipment	<u>(345,361)</u>	<u>(35,594)</u>	<u>-</u>	<u>-</u>	<u>(380,955)</u>
Total accumulated depreciation	<u>\$(2,813,210)</u>	<u>\$ (232,733)</u>	<u>\$ 506,634</u>	<u>\$ -</u>	<u>\$ (2,539,309)</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,319,860</u>	<u>\$ (54,545)</u>	<u>\$ (76,719)</u>	<u>\$ -</u>	<u>\$ 2,188,596</u>
Governmental Activities Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,871,034</u>	<u>\$ (54,545)</u>	<u>\$ (76,719)</u>	<u>\$ -</u>	<u>\$ 2,739,770</u>

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2015

NOTE 4 - CAPITAL ASSETS - Continued

	<u>Balance</u> <u>January 1,</u> <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>December 31,</u> <u>2015</u>
Business-Type Activities					
Depreciable Capital Assets					
Buildings	\$ 33,928	\$ -	\$ -	\$ -	\$ 33,928
Furniture and equipment	190,674	85,899	-	-	276,573
Vehicles	117,524	-	(16,744)	-	100,780
Sewer system	7,242,978	15,580	-	-	7,258,558
Water system	<u>7,226,504</u>	<u>37,772</u>	<u>-</u>	<u>-</u>	<u>7,264,276</u>
Total Depreciable Capital Assets	<u>\$ 14,811,608</u>	<u>\$ 139,251</u>	<u>\$ (16,744)</u>	<u>\$ -</u>	<u>\$ 14,934,115</u>
Less accumulated depreciation for:					
Buildings	\$ (33,440)	\$ (96)	\$ -	\$ -	\$ (33,536)
Furniture and equipment	(143,188)	(10,927)	-	-	(154,115)
Vehicles	(90,110)	(5,534)	16,744	-	(78,900)
Sewer system	(7,140,170)	(4,103)	-	-	(7,144,273)
Water system	<u>(4,371,649)</u>	<u>(100,175)</u>	<u>-</u>	<u>-</u>	<u>(4,471,824)</u>
Total accumulated depreciation	<u>\$ (11,778,557)</u>	<u>\$ (120,835)</u>	<u>\$ 16,744</u>	<u>\$ -</u>	<u>\$ (11,882,648)</u>
Business-Type Activities Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 3,033,051</u>	<u>\$ 18,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,051,467</u>

Depreciation expense was charged in the following functions in the Statement of Activities:

Governmental functions:	
General government	\$ 33,265
Public safety	145,807
Public works	724
Recreation and cultural	<u>52,937</u>
Total	<u>\$ 232,733</u>
Business-type functions:	
Sewer	\$ 20,660
Water	<u>100,175</u>
Total	<u>\$ 120,835</u>

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2015

NOTE 5 - CHANGES IN LONG-TERM DEBT

Long-term debt at December 31, 2015 is comprised of the following individual issues:

	<u>Balance</u> <u>January 1,</u> <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>2015</u>	<u>Due Within</u> <u>One Year</u>
Primary Government					
Governmental Activities					
\$995,000 2009 installment note, without collateral, through Horizon Bank, for Fire Station #2; interest only payments at 3.75% through January 10, 2010, monthly principal and interest payments of \$10,017 beginning February 10, 2010 through March 10, 2015. Monthly principal and interest payments of \$9,447 including interest at 2.56% beginning April 10, 2015 with the final payment due February 10, 2020.	\$ 548,160	\$ -	\$ (101,154)	\$ 447,006	\$ 103,128
Compensated Absences - General Fund, Public Safety, Building Department	<u>65,874</u>	<u>11,230</u>	<u>-</u>	<u>77,104</u>	<u>48,263</u>
Total Governmental Activities	<u>\$ 614,034</u>	<u>\$ 11,230</u>	<u>\$ (101,154)</u>	<u>\$ 524,110</u>	<u>\$ 151,391</u>
Business Activities					
Compensated Absences - Sewer Fund	<u>\$ 4,261</u>	<u>\$ -</u>	<u>\$ (3,747)</u>	<u>\$ 514</u>	<u>\$ -</u>
Total Business Activities	<u>\$ 4,261</u>	<u>\$ -</u>	<u>\$ (3,747)</u>	<u>\$ 514</u>	<u>\$ -</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 618,295</u>	<u>\$ 11,230</u>	<u>\$ (104,901)</u>	<u>\$ 524,624</u>	<u>\$ 151,391</u>

The compensated absences liability attributable to the governmental activities will be liquidated by the fund in which it originates. At December 31, 2015, approximately 85% originated from the Public Safety Fund, 14% from the General Fund, and the remaining 1% by the Building Department Fund.

The annual requirement to amortize all applicable debt outstanding as of December 31, 2015, including interest payments of \$24,708, are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Debt</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 103,128	\$ 10,239	\$ 113,367
2017	105,799	7,568	113,367
2018	108,540	4,827	113,367
2019	111,351	2,016	113,367
2020	<u>18,188</u>	<u>58</u>	<u>18,246</u>
	<u>\$ 447,006</u>	<u>\$ 24,708</u>	<u>\$ 471,714</u>

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2015

NOTE 6 - PENSION PLAN

The Township contributes to the St. Joseph Charter Township defined contribution pension plan, which is administered by John Hancock Insurance Company. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined. The benefits a participant will receive depend solely on the amount contributed to the participant's accounts, the return on those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. All full-time employees of the Township are eligible to participate in the defined contribution plan. Contributions made by the Township vest immediately. An employee who leaves the employment of the Township is entitled to the Township's contributions and may withdraw the funds, roll them to another personal investment account, or leave them with John Hancock until a later date. The Township is required to contribute an amount equal to 14% of the employee's base pay.

During the year, the Township made its required contribution of \$181,983 which was 14% of its current year covered payroll of \$1,360,691.

No pension provision changes occurred during the year that affected the required contributions by the Township or its employees.

The plan held no securities of the Township or other related parties during the year or as of December 31, 2015.

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2015, is as follows:

		Due From			
		Public Safety	Current Tax	General Agency	Total
Due To	General Fund	\$ 125	\$ 148,766	\$ 518	\$ 149,409
	Public Safety	-	759,962	-	759,962
	Garbage and Rubbish Collection	-	259,133	-	259,133
	Fire Improvement	-	43,161	-	43,161
	Library Fund	-	77,714	-	77,714
	Sewer Fund	-	7,967	-	7,967
	Water Fund	-	934	-	934
	Total	\$ 125	\$ 1,297,637	\$ 518	\$ 1,298,280

The outstanding balances between funds result mainly from winter tax collections undistributed by the tax fund at year end. The Public Safety Fund owes the General Fund for payroll expenditures.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2015

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - Continued

During the year, the following transfers were made between funds:

		Transfer From	
		Public Safety	
Transfer To	Fire Improvement	\$ 16,000	
	Total	\$ 16,000	

The transfer from the Public Safety Fund to the Fire Improvement Fund is to make up the difference in the bond payment that was not covered by the bond millage.

NOTE 8 - DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with the provisions of the Internal Revenue Code Section 457. As a result of federal legislation with regard to Internal Revenue Code Section 457, the Township no longer has the rights to the assets of the deferred compensation plan. The assets of the plan have been transferred into individual trust accounts of the employees and are not subject to the claims of the general creditors of the Township. Therefore, the Township is not required to account for the deferred compensation plan.

NOTE 9 - DEPOSIT - BERRIEN COUNTY ROAD COMMISSION

On an annual basis, St. Joseph Charter Township places on deposit with the Berrien County Road Commission money for local road construction work. The County matches certain funds 100%.

NOTE 10 - RISK MANAGEMENT

The Township carries insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; error and omissions; workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in the past fiscal year.

NOTE 11 - EXPENDITURES OVER BUDGET

P.A. 621 of 1978 Section 18, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The Township adopts budgets at the department level for the General Fund and all major Special Revenue Funds.

During the year ended December 31, 2015, the Township incurred no expenses in excess of the amounts appropriated.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2015

NOTE 12 - CONTINGENCIES

In April of 2007, the Lake Michigan Shoreline Water & Sewage Treatment Authority sold \$6,270,000 in bonds. The current balance of the bonds outstanding is \$4,865,000. The Township has guaranteed 30.92% of the principal and interest payments over the 25 year life of the bonds. Lincoln Charter Township and Royalton Township have guaranteed the remaining 56.41% and 12.67% respectively.

In April of 2010, the Southwest Michigan Regional Sanitary Sewer & Water Authority sold \$9,000,000 in bonds. The current balance of the bonds outstanding is \$8,025,000. The Township has guaranteed 30.92% of the principal and interest payments over the 30 year life of the bonds. Lincoln Charter Township and Royalton Township have guaranteed the remaining 56.41% and 12.67% respectively.

Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against the Township. In the opinion of management and legal counsel, all such matters are covered by insurance or if not so covered, are without merit and, in any event, their ultimate resolution will not have a material effect on the Township's financial position or operations.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 2, 2016, the date on which the financial statements were available to be issued. There were no material subsequent events.

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Description of Funds**

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Police Training Fund - This fund is used to account for revenues collected and monies expended for the purpose of police officer training as provided by the State and Federal Government.

Police Drug Forfeiture Fund - This fund is used to account for revenues collected and monies expended under specific forfeiture laws.

Liquor Law Enforcement Fund - This fund is used to record the Township's share of liquor licenses and the expenditures related to the time spent by police officers in liquor law enforcement.

Building Department Fund - This fund is used to account for revenues collected and monies expended for the purpose of funding planning, zoning and inspection functions.

Library Fund - This fund is used to account for property taxes received to be used for library services for Township residents.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

St. Joseph Charter Township Improvement Fund - This fund is used to account for the acquisition of tax sale properties and the subsequent maintenance and repairs or sale of these properties.

Sewer Replacement and Improvement Fund - This fund is used to account for the capital improvements and future replacement of the sewer lines.

Water Replacement and Improvement Fund - This fund is used to account for the capital improvements and future replacement of the water lines.

Fire Improvement Fund - This fund is used to account for the capital improvements to the fire departments.

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 426,600	\$ 426,600	\$ 432,859	\$ 6,259
Licenses and permits	111,500	111,500	119,066	7,566
State grants:				
Operating grants	709,000	709,000	731,092	22,092
Charges for services	6,000	6,000	8,925	2,925
Fines and forfeitures	-	-	43	43
Interest and rents:				
Interest	2,500	2,500	6,157	3,657
Other revenue	58,600	58,600	80,650	22,050
	<u>\$ 1,314,200</u>	<u>\$ 1,314,200</u>	<u>\$ 1,378,792</u>	<u>\$ 64,592</u>
Total Revenues				
Expenditures:				
Current:				
General government:				
Township board	\$ 28,045	\$ 28,045	\$ 23,144	\$ 4,901
Supervisor	21,430	21,430	17,967	3,463
Administration	271,175	271,175	250,607	20,568
Clerk	94,290	94,290	87,265	7,025
Township services	194,025	194,025	173,256	20,769
Treasurer	109,580	109,580	106,848	2,732
Assessor	153,450	153,450	137,166	16,284
Elections	32,065	32,065	14,251	17,814
Buildings and grounds	162,315	162,315	114,789	47,526
Public safety				
Ordinance enforcement	29,425	33,925	33,289	636
Community and economic development				
Planning	7,775	7,775	2,546	5,229
Recreation and culture				
Parks and recreation	306,490	306,490	283,831	22,659
	<u>\$ 1,410,065</u>	<u>\$ 1,414,565</u>	<u>\$ 1,244,959</u>	<u>\$ 169,606</u>
Total Expenditures				
Net Change in Fund Balances	\$ (95,865)	\$ (100,365)	\$ 133,833	\$ 234,198
Fund Balances - Beginning of Year	<u>2,044,281</u>	<u>2,044,281</u>	<u>2,044,281</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 1,948,416</u></u>	<u><u>\$ 1,943,916</u></u>	<u><u>\$ 2,178,114</u></u>	<u><u>\$ 234,198</u></u>

**ST. JOSEPH CHARTER TOWNSHIP
PUBLIC SAFETY FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,747,500	\$ 1,747,500	\$ 1,751,826	\$ 4,326
State grants:				
Operating grants	-	-	255	255
Charges for services	2,700	2,700	3,775	1,075
Fines and forfeitures	6,000	6,000	10,284	4,284
Interest and rents:				
Interest	3,000	3,000	4,610	1,610
Other revenue	<u>12,500</u>	<u>12,500</u>	<u>26,115</u>	<u>13,615</u>
 Total Revenues	 <u>\$ 1,771,700</u>	 <u>\$ 1,771,700</u>	 <u>\$ 1,796,865</u>	 <u>\$ 25,165</u>
 Expenditures:				
Current:				
Public safety:				
Police department	\$ 1,575,420	\$ 1,575,420	\$ 1,472,656	\$ 102,764
Police vehicles	67,000	67,000	66,816	184
Fire Station #1	119,850	119,850	99,063	20,787
Fire Station #2	142,360	142,360	76,091	66,269
Health and welfare:				
Ambulance	<u>57,675</u>	<u>57,675</u>	<u>57,661</u>	<u>14</u>
 Total Expenditures	 <u>\$ 1,962,305</u>	 <u>\$ 1,962,305</u>	 <u>\$ 1,772,287</u>	 <u>\$ 190,018</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 \$ (190,605)	 \$ (190,605)	 \$ 24,578	 \$ 215,183
 Other Financing Uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>(16,000)</u>	<u>(16,000)</u>
 Net Change in Fund Balances	 \$ (190,605)	 \$ (190,605)	 \$ 8,578	 \$ 199,183
 Fund Balances - Beginning of Year	 <u>1,338,292</u>	 <u>1,338,292</u>	 <u>1,338,292</u>	 <u>-</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 1,147,687</u>	 <u>\$ 1,147,687</u>	 <u>\$ 1,346,870</u>	 <u>\$ 199,183</u>

**ST. JOSEPH CHARTER TOWNSHIP
GARBAGE AND RUBBISH COLLECTION FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 594,900	\$ 594,900	\$ 597,348	\$ 2,448
Charges for services	50	50	25	(25)
Interest and rents:				
Interest	750	750	1,454	704
Other revenue	<u>-</u>	<u>-</u>	<u>50</u>	<u>50</u>
Total Revenues	<u>\$ 595,700</u>	<u>\$ 595,700</u>	<u>\$ 598,877</u>	<u>\$ 3,177</u>
Expenditures:				
Current:				
Public works:				
Sanitation	<u>\$ 677,830</u>	<u>\$ 677,830</u>	<u>\$ 661,486</u>	<u>\$ 16,344</u>
Total Expenditures	<u>\$ 677,830</u>	<u>\$ 677,830</u>	<u>\$ 661,486</u>	<u>\$ 16,344</u>
Net Change in Fund Balances	\$ (82,130)	\$ (82,130)	\$ (62,609)	\$ 19,521
Fund Balances - Beginning of Year	<u>336,229</u>	<u>336,229</u>	<u>336,229</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 254,099</u>	<u>\$ 254,099</u>	<u>\$ 273,620</u>	<u>\$ 19,521</u>

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
December 31, 2015**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash	\$ 190,274	\$ 1,060,303	\$ 1,250,577
Taxes receivable	85,122	47,277	132,399
Due from other funds	77,714	43,161	120,875
Prepaid expense	<u>1,423</u>	<u>-</u>	<u>1,423</u>
TOTAL ASSETS	<u>\$ 354,533</u>	<u>\$ 1,150,741</u>	<u>\$ 1,505,274</u>
Liabilities, Deferred Inflows, and Fund Balance			
Liabilities			
Accounts payable	\$ 4,384	\$ 1,213	\$ 5,597
Payroll liabilities	<u>931</u>	<u>-</u>	<u>931</u>
Total Liabilities	<u>\$ 5,315</u>	<u>\$ 1,213</u>	<u>\$ 6,528</u>
Deferred Inflows			
Taxes levied for a subsequent period	<u>\$ 182,771</u>	<u>\$ 101,509</u>	<u>\$ 284,280</u>
Fund Balances			
Nonspendable	\$ 1,423	\$ -	\$ 1,423
Restricted	163,754	71,381	235,135
Assigned	<u>1,270</u>	<u>976,638</u>	<u>977,908</u>
Total Fund Balances	<u>\$ 166,447</u>	<u>\$ 1,048,019</u>	<u>\$ 1,214,466</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 354,533</u>	<u>\$ 1,150,741</u>	<u>\$ 1,505,274</u>

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2015**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Taxes	\$ 179,141	\$ 99,493	\$ 278,634
Licenses and permits	173,213	-	173,213
State grants:			
Operating grants	2,194	-	2,194
Charges for services	-	11,000	11,000
Interest and rents:			
Rent	-	29,340	29,340
Interest	587	2,744	3,331
Other revenue	122	9,914	10,036
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 355,257	\$ 152,491	\$ 507,748
Expenditures:			
Current:			
General government	\$ -	\$ 15,292	\$ 15,292
Public safety	168,006	98	168,104
Recreation and culture	175,177	-	175,177
Debt retirement:			
Principal	-	101,154	101,154
Interest	-	13,923	13,923
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 343,183	\$ 130,467	\$ 473,650
Excess of Revenues Over Expenditures	\$ 12,074	\$ 22,024	\$ 34,098
Other Financing Sources (Uses):			
Transfers in	<hr/> -	<hr/> 16,000	<hr/> 16,000
Net Change in Fund Balances	\$ 12,074	\$ 38,024	\$ 50,098
Fund Balances - Beginning of Year	<hr/> 154,373	<hr/> 1,009,995	<hr/> 1,164,368
FUND BALANCES - END OF YEAR	<hr/> <u>\$ 166,447</u>	<hr/> <u>\$ 1,048,019</u>	<hr/> <u>\$ 1,214,466</u>

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Revenues, Compared to Budget
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014**

	2015			2014 Actual
	Budget	Actual	Variance - Positive (Negative)	
Revenues:				
Taxes	\$ 426,600	\$ 432,859	\$ 6,259	\$ 430,474
Licenses and permits	111,500	119,066	7,566	111,668
State grants:				
Operating grants	709,000	731,092	22,092	723,541
Charges for services	6,000	8,925	2,925	8,200
Fines and forfeitures	-	43	43	142
Interest	2,500	6,157	3,657	4,820
Other	58,600	80,650	22,050	26,842
TOTAL REVENUES	\$ 1,314,200	\$ 1,378,792	\$ 64,592	\$ 1,305,687

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014**

	<u>2015</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>2014 Actual</u>
General Government				
Legislative				
Township Board				
Personal services		\$ 21,493		\$ 20,979
Supplies		21		20
Other services and charges		<u>1,630</u>		<u>1,153</u>
Total Legislative	\$ 28,045	\$ 23,144	\$ 4,901	\$ 22,152
Chief Executive				
Supervisor				
Personal services		\$ 17,931		\$ 17,579
Other services and charges		<u>36</u>		<u>99</u>
Total Supervisor	\$ 21,430	\$ 17,967	\$ 3,463	\$ 17,678
Administration				
Personal services		\$ 189,806		\$ 185,679
Supplies		46,008		11,018
Other services and charges		<u>14,793</u>		<u>14,829</u>
Total Administration	<u>271,175</u>	\$ 250,607	<u>20,568</u>	\$ 211,526
Total Chief Executive	\$ 292,605	\$ 268,574	\$ 24,031	\$ 229,204
Financial and Tax Administration				
Clerk				
Personal services		\$ 80,718		\$ 84,736
Supplies		1,294		2,722
Other services and charges		5,253		5,618
Capital outlay		<u>-</u>		<u>2,442</u>
Total Clerk	\$ 94,290	\$ 87,265	\$ 7,025	\$ 95,518
General Services				
Other services and charges		\$ 173,256		\$ 103,878
Total General Services	194,025	\$ 173,256	20,769	\$ 103,878

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014**

	<u>2015</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>2014 Actual</u>
Treasurer				
Personal services		\$ 90,399		\$ 87,747
Supplies		5,944		4,728
Other services and charges		<u>10,505</u>		<u>8,648</u>
Total Treasurer	109,580	\$ <u>106,848</u>	2,732	\$ <u>101,123</u>
Assessor and Board of Review				
Personal services		\$ 112,613		\$ 108,015
Supplies		5,192		3,996
Other services and charges		<u>19,361</u>		<u>21,849</u>
Total Assessor and Board of Review	<u>153,450</u>	\$ <u>137,166</u>	<u>16,284</u>	\$ <u>133,860</u>
Total Financial and Tax Administration	\$ <u>551,345</u>	\$ <u>504,535</u>	\$ <u>46,810</u>	\$ <u>434,379</u>
Other General Government				
Elections				
Personal services		\$ 7,209		\$ 21,629
Supplies		3,429		5,473
Other services and charges		<u>3,613</u>		<u>8,162</u>
Total Elections	\$ 32,065	\$ <u>14,251</u>	\$ 17,814	\$ <u>35,264</u>
Building and Grounds				
Personal services		\$ 25,736		\$ 26,079
Supplies		8,876		8,168
Other services and charges		<u>80,177</u>		<u>82,960</u>
Total Building and Grounds	<u>162,315</u>	\$ <u>114,789</u>	<u>47,526</u>	\$ <u>117,207</u>
Total Other General Government	\$ <u>194,380</u>	\$ <u>129,040</u>	\$ <u>65,340</u>	\$ <u>152,471</u>
Total General Government	\$ <u>1,066,375</u>	\$ <u>925,293</u>	\$ <u>141,082</u>	\$ <u>838,206</u>

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014**

	<u>2015</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>2014 Actual</u>
Public Safety				
Ordinance Enforcement				
Personal services		\$ 27,429		\$ 53,112
Supplies		2,608		736
Other services and charges		<u>3,252</u>		<u>3,196</u>
Total Public Safety	<u>\$ 33,925</u>	<u>\$ 33,289</u>	<u>\$ 636</u>	<u>\$ 57,044</u>
Community and Economic Development				
Planning				
Personal services		\$ 2,099		\$ 3,284
Supplies		17		66
Other services and charges		<u>430</u>		<u>1,484</u>
Total Community and Economic Development	<u>7,775</u>	<u>\$ 2,546</u>	<u>5,229</u>	<u>\$ 4,834</u>
Recreation and Culture				
Parks and Recreation				
Personal services		\$ 103,991		\$ 109,058
Supplies		18,481		14,449
Other services and charges		74,477		71,580
Capital outlay		<u>86,882</u>		<u>-</u>
Total Recreation and Culture	<u>\$ 306,490</u>	<u>\$ 283,831</u>	<u>\$ 22,659</u>	<u>\$ 195,087</u>
TOTAL EXPENDITURES	<u><u>\$ 1,414,565</u></u>	<u><u>\$ 1,244,959</u></u>	<u><u>\$ 169,606</u></u>	<u><u>\$ 1,095,171</u></u>

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
December 31, 2015**

	<u>Liquor Law Enforcement</u>	<u>Building Department</u>	<u>Police Training</u>	<u>Police Drug Forfeiture</u>	<u>Library</u>	<u>Total</u>
Assets						
Cash	\$ -	\$ 107,888	\$ 7,627	\$ 8,591	\$ 66,168	\$ 190,274
Taxes receivable	-	-	-	-	85,122	85,122
Due from other funds	-	-	-	-	77,714	77,714
Prepaid expense	-	1,423	-	-	-	1,423
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 109,311</u>	<u>\$ 7,627</u>	<u>\$ 8,591</u>	<u>\$ 229,004</u>	<u>\$ 354,533</u>
Liabilities, Deferred Inflows, and Fund Balance						
Liabilities						
Accounts payable	\$ -	\$ 4,384	\$ -	\$ -	\$ -	\$ 4,384
Payroll liabilities	-	931	-	-	-	931
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ -</u>	<u>\$ 5,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,315</u>
Deferred Inflows						
Taxes levied for a subsequent period	\$ -	-	-	-	182,771	182,771
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances						
Nonspendable	\$ -	\$ 1,423	\$ -	\$ -	\$ -	\$ 1,423
Restricted	-	102,573	7,627	8,591	44,963	163,754
Assigned	-	-	-	-	1,270	1,270
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>\$ -</u>	<u>\$ 103,996</u>	<u>\$ 7,627</u>	<u>\$ 8,591</u>	<u>\$ 46,233</u>	<u>\$ 166,447</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ -</u>	<u>\$ 109,311</u>	<u>\$ 7,627</u>	<u>\$ 8,591</u>	<u>\$ 229,004</u>	<u>\$ 354,533</u>

ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2015

	<u>Liquor Law Enforcement</u>	<u>Building Department</u>	<u>Police Training</u>	<u>Police Drug Forfeiture</u>	<u>Library</u>	<u>Total</u>
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 179,141	\$ 179,141
Licenses and permits	4,887	168,326	-	-	-	173,213
State grants:						
Operating grants	-	-	2,194	-	-	2,194
Interest and rents:						
Interest	-	238	17	31	301	587
Other revenue	-	122	-	-	-	122
	<u>-</u>	<u>122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122</u>
Total Revenues	<u>\$ 4,887</u>	<u>\$ 168,686</u>	<u>\$ 2,211</u>	<u>\$ 31</u>	<u>\$ 179,442</u>	<u>\$ 355,257</u>
Expenditures:						
Current:						
Public safety:						
Police	\$ 4,887	\$ -	\$ 700	\$ 907	\$ -	\$ 6,494
Building inspection	-	161,512	-	-	-	161,512
Recreation and culture:						
Library	-	-	-	-	175,177	175,177
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,177</u>	<u>175,177</u>
Total Expenditures	<u>\$ 4,887</u>	<u>\$ 161,512</u>	<u>\$ 700</u>	<u>\$ 907</u>	<u>\$ 175,177</u>	<u>\$ 343,183</u>
Net Change in Fund Balances	\$ -	\$ 7,174	\$ 1,511	\$ (876)	\$ 4,265	\$ 12,074
Fund Balances, Beginning of Year	<u>-</u>	<u>96,822</u>	<u>6,116</u>	<u>9,467</u>	<u>41,968</u>	<u>154,373</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 103,996</u>	<u>\$ 7,627</u>	<u>\$ 8,591</u>	<u>\$ 46,233</u>	<u>\$ 166,447</u>

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Balance Sheet
December 31, 2015**

	Sewer Replacement and Improvement Fund	Water Replacement and Improvement Fund	Fire Improvement Fund	St. Joseph Charter Township Improvement Fund	Total
Assets					
Cash	\$ 317,175	\$ 396,760	\$ 84,637	\$ 261,731	\$ 1,060,303
Taxes receivable	-	-	47,277	-	47,277
Due from other funds	-	-	43,161	-	43,161
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 317,175</u>	<u>\$ 396,760</u>	<u>\$ 175,075</u>	<u>\$ 261,731</u>	<u>\$ 1,150,741</u>
Deferred Inflows and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,213	\$ 1,213
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	\$ -	\$ -	\$ -	\$ 1,213	\$ 1,213
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deferred Inflows					
Taxes levied for a subsequent period	\$ -	\$ -	\$ 101,509	\$ -	\$ 101,509
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances					
Restricted	\$ -	\$ -	\$ 71,381	\$ -	\$ 71,381
Assigned	317,175	396,760	2,185	260,518	976,638
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>\$ 317,175</u>	<u>\$ 396,760</u>	<u>\$ 73,566</u>	<u>\$ 260,518</u>	<u>\$ 1,048,019</u>
TOTAL DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 317,175</u>	<u>\$ 396,760</u>	<u>\$ 175,075</u>	<u>\$ 261,731</u>	<u>\$ 1,150,741</u>

ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended December 31, 2015

	Sewer Replacement and Improvement Fund	Water Replacement and Improvement Fund	Fire Improvement Fund	St. Joseph Charter Township Improvement Fund	Total
Revenues:					
Taxes	\$ -	\$ -	\$ 99,493	\$ -	\$ 99,493
Charges for services	-	11,000	-	-	11,000
Interest and rents:					
Rent	-	-	-	29,340	29,340
Interest	818	1,008	273	645	2,744
Other revenue	-	-	-	9,914	9,914
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 818	\$ 12,008	\$ 99,766	\$ 39,899	\$ 152,491
Expenditures:					
Current:					
General government:					
Building and grounds	\$ -	\$ -	\$ -	\$ 15,292	\$ 15,292
Public safety:					
Fire	-	-	98	-	98
Debt retirement:					
Principal	-	-	101,154	-	101,154
Interest	-	-	13,923	-	13,923
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ -	\$ -	\$ 115,175	\$ 15,292	\$ 130,467
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 818	\$ 12,008	\$ (15,409)	\$ 24,607	\$ 22,024
Other Financing Sources (Uses):					
Transfers in	-	-	16,000	-	16,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balances	\$ 818	\$ 12,008	\$ 591	\$ 24,607	\$ 38,024
Fund Balances, Beginning of Year	<u>316,357</u>	<u>384,752</u>	<u>72,975</u>	<u>235,911</u>	<u>1,009,995</u>
FUND BALANCES, END OF YEAR	<u>\$ 317,175</u>	<u>\$ 396,760</u>	<u>\$ 73,566</u>	<u>\$ 260,518</u>	<u>\$ 1,048,019</u>

**ST. JOSEPH CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 Statement of Expenses
 For the Year Ended December 31, 2015**

	<u>Sewer Fund</u>	<u>Water Fund</u>
Operating Expenses:		
Salaries and wages	\$ 131,473	\$ 15,536
Payroll taxes and benefits	44,090	3,176
Contractual services	65,138	3,369
Contributions	214,299	105,551
Operating supplies	3,882	206
Gas and oil	4,676	-
Utilities	31,762	-
Insurance	12,510	-
Education and travel	497	688
Sewer treatment - St. Joseph	343,872	-
Sewer treatment - Benton Harbor	89,190	-
Repairs and maintenance	21,892	-
Miscellaneous	-	2,902
	<hr/>	<hr/>
Total Operating Expenses	<u>\$ 963,281</u>	<u>\$ 131,428</u>

**ST. JOSEPH CHARTER TOWNSHIP
FIDUCIARY FUNDS
Statement of Fiduciary Net Position
December 31, 2015**

TOTAL ALL FIDUCIARY FUNDS	Current Tax Fund	General Agency Fund	Balance December 31, 2015
Assets			
Cash	\$ 1,624,854	\$ 9,193	\$ 1,634,047
TOTAL ASSETS	<u>\$ 1,624,854</u>	<u>\$ 9,193</u>	<u>\$ 1,634,047</u>
Liabilities			
Accounts payable	\$ -	\$ 8,295	\$ 8,295
Undistributed taxes, interest, licenses, and revenues	2,720	380	3,100
Due to other funds	1,297,637	518	1,298,155
Due to other governments	<u>324,497</u>	<u>-</u>	<u>324,497</u>
TOTAL LIABILITIES	<u>\$ 1,624,854</u>	<u>\$ 9,193</u>	<u>\$ 1,634,047</u>

ST. JOSEPH CHARTER TOWNSHIP
Summary of Principal and Interest
Requirements to Maturity
2009 Installment Note
December 31, 2015

Year Ending December 31,	Principal Due	Interest Due	Total
2016	\$ 103,128	\$ 10,239	\$ 113,367
2017	105,799	7,568	113,367
2018	108,540	4,827	113,367
2019	111,351	2,016	113,367
2020	<u>18,188</u>	<u>58</u>	<u>18,246</u>
	<u>\$ 447,006</u>	<u>\$ 24,708</u>	<u>\$ 471,714</u>



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830 Pleasant Street, P.O. Box 44
St. Joseph, Michigan 49085

February 2, 2016

Communication of No Material Weaknesses in a Separate Report

Township Board
St. Joseph Charter Township
St. Joseph, Michigan

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Joseph Charter Township as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered St. Joseph Charter Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Joseph Charter Township's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Joseph Charter Township's internal control.


A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In addition, we noted other matters involving the internal control and its operation that we have reported to management of St. Joseph Charter Township in a separate letter dated February 2, 2016.

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

Sincerely,


Gerbel & Company, P.C.
Certified Public Accountants

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Fifth Third Bank Building, Fourth Floor
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St. Joseph, Michigan 49085

February 2, 2016

Township Board
St. Joseph Charter Township
St. Joseph, Michigan

In connection with our audit of the books and records of St. Joseph Charter Township for the year ended December 31, 2015, we offer the following comments and recommendations:

1. During our audit we noted that several of the Township's bills were being paid by EFT rather than by check. Although this is allowed, the processes should be reviewed to determine if this practice is accomplishing the desired effect. There appears to be times when some services, which could be paid with one check, requires multiple EFT transfers, thus causing employees to spend more time than should be necessary to accomplish the task of paying the bill.

The books and records were found to be balanced and well organized and supporting documentation was readily available for inspection.

We appreciate the courtesy and cooperation extended to us by the officials and employees of St. Joseph Charter Township. The Township's administration and accounting personnel displayed a high level of dedication and cooperation in performing their duties and assisting us in completing ours.

If we can be of any assistance or if you have any questions regarding these or any other matters, please feel free to contact us.

Sincerely,


Gerbel & Company, P.C.
Certified Public Accountants

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St. Joseph, Michigan 49085

February 2, 2016

**Communication with Those Charged with Governance at or Near the
Conclusion of the Audit**

Township Board
St. Joseph Charter Township
St. Joseph, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Joseph Charter Township for the year ended December 31, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 19, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by St. Joseph Charter Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by St. Joseph Charter Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not note any estimates that we felt were particularly sensitive.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not note any disclosures that we felt were particularly sensitive.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 2, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to St. Joseph Charter Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as St. Joseph Charter Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and budgetary comparison information for major funds, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on supplementary information, as noted in the Table of Contents to the Financial Statements, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the St. Joseph Charter Township Board and management of St. Joseph Charter Township and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Gerbel & Company, P.C.
Gerbel & Company, P.C.
Certified Public Accountants