

# **St. James Township Beaver Island, Michigan**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016



# ST. JAMES TOWNSHIP

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## **INDEPENDENT AUDITORS' REPORT**

July 19, 2016

Township Board  
St. James Township  
Beaver Island, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. James Township, Beaver Island, Michigan, (the Township) as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of March 31, 2016, and the respective changes in financial position and, where applicable cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the information on pages 31 through 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

*Uredawald Haefner LLC*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# St. James Township

## Management's Discussion and Analysis

As management of St. James Township (the Township), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the year ended March 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

### Financial Highlights

- The Township completed a study of the sewer fund billing and collection process and implemented a plan to bill and collect sewer use fees.
- Funding levels remained steady with no significant increases.
- The Township finished the year with an increase in general fund balance.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to St. James Township's financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., long-term receivables).

Both of the government-wide financial statements distinguish functions of St. James Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include legislative, general government, health and welfare, public safety, public works, and recreation and culture. The business-type activities of the Township include sewer and yacht dock services.

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. St. James Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Township maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, road, fire protection, and medical center funds, each of which is considered a major fund. Data is combined into a single aggregate presentation for the other governmental funds. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements and schedules.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer and yacht dock operations, each of which are considered to be major funds of the Township.

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

## Government-wide Financial Analysis

**Statement of Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of St. James Township, assets exceeded liabilities by \$2,492,402 at the close of the most recent fiscal year.

A portion of the Township's net position reflects unrestricted net position which is available for future operations while a significant portion of net position is invested in capital assets (e.g., land, buildings and improvements, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Following is a summary of net position:

### Summary of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 577,425	\$ 477,449	\$ 127,774	\$ 144,324	\$ 705,199	\$ 621,773
Internal balances	260,808	246,721	(260,808)	(246,721)	-	-
Capital assets, net	847,730	850,335	1,060,537	1,045,287	1,908,267	1,895,622
<b>Total assets</b>	<b>1,685,963</b>	<b>1,574,505</b>	<b>927,503</b>	<b>942,890</b>	<b>2,613,466</b>	<b>2,517,395</b>
Long-term liabilities	-	-	64,347	100,012	64,347	100,012
Other liabilities	52,700	53,072	4,017	7,272	56,717	60,344
<b>Total liabilities</b>	<b>52,700</b>	<b>53,072</b>	<b>68,364</b>	<b>107,284</b>	<b>121,064</b>	<b>160,356</b>
Net position						
Net investment in capital						
assets	847,730	850,335	996,190	945,275	1,843,920	1,795,610
Restricted	426,623	363,918	-	-	426,623	363,918
Unrestricted (deficit)	358,910	307,180	(137,051)	(109,669)	221,859	197,511
<b>Total net position</b>	<b>\$1,633,263</b>	<b>\$1,521,433</b>	<b>\$859,139</b>	<b>\$835,606</b>	<b>\$2,492,402</b>	<b>\$2,357,039</b>

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

**Statement of Activities.** Net position of the Township increased by \$135,363 with both the governmental activities and business-type activities showing an increase from prior balances. The governmental activities increase in net position of \$111,830 is primarily due to timing difference between when capital assets are purchased and when depreciation is recorded. The business-type activities increase in net position of \$23,533 was primarily the result of revenues being sufficient to meet ongoing operating expenses including depreciation in those activities.



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

### Summary of Activities

	Governmental Activities		Business-type Activities		Totals	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenue</b>						
Program revenue						
Charges for services	\$ 82,371	\$ 88,116	\$ 72,533	\$ 80,416	\$ 154,904	\$ 168,532
Operating grants and contributions	158,314	106,446	-	-	158,314	106,446
Capital grants and contributions	-	58,400	111,500	3,045	111,500	61,445
General revenue						
Property taxes	574,237	571,318	-	-	574,237	571,318
State shared revenue	27,427	27,888	-	-	27,427	27,888
Other	210	186	34	9	244	195
<b>Total revenue</b>	<b>842,559</b>	<b>852,354</b>	<b>184,067</b>	<b>83,470</b>	<b>1,026,626</b>	<b>935,824</b>
<b>Expenses</b>						
Legislative	133,875	99,729	-	-	133,875	99,729
General government	106,731	146,621	-	-	106,731	146,621
Health and welfare	129,721	127,737	-	-	129,721	127,737
Public safety	101,007	119,096	-	-	101,007	119,096
Public works	161,759	167,826	-	-	161,759	167,826
Recreation and culture	97,636	86,065	-	-	97,636	86,065
Sewer	-	-	61,573	54,808	61,573	54,808
Yacht dock	-	-	98,961	98,904	98,961	98,904
<b>Total expenses</b>	<b>730,729</b>	<b>747,074</b>	<b>160,534</b>	<b>153,712</b>	<b>891,263</b>	<b>900,786</b>
Increase in net position	111,830	105,280	23,533	(70,242)	136,363	35,038
<b>Net position, beginning of year</b>	<b>1,521,433</b>	<b>1,416,153</b>	<b>835,606</b>	<b>905,848</b>	<b>2,357,039</b>	<b>2,322,001</b>
<b>Net position, end of year</b>	<b>\$1,633,263</b>	<b>\$1,521,433</b>	<b>\$859,139</b>	<b>\$835,606</b>	<b>\$2,492,402</b>	<b>\$2,357,039</b>

**Governmental Activities.** During the year the Township invested \$161,759 or 22% of governmental activities expenses in public works which includes road, airport and waste management operations. Additionally, the Township invested \$106,731 or 15% of governmental activities expenses in general government while legislative, public safety, health and welfare, and culture and recreation made up the remaining 63% of governmental activities expenses.

**Business-type Activities.** Business-type activities increased the Township's net position by \$23,533 compared to a decrease of \$70,242 in the prior year.

## Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$785,533, an increase of \$114,435 in comparison with the prior year. Of the \$785,533, \$358,910 is reported in the general fund. The remaining amount of fund balance is reported in various funds as non-spendable, restricted, committed, or assigned for certain uses depending on the nature of the restriction.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$346,544. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 103% of total general fund expenditures. Fund balance of the Township's general fund increased by \$51,730.

At the end of the current fiscal year, fund balance of the road fund special revenue fund was \$294,331, an increase of \$26,599 from the previous year.

At the end of the current fiscal year, fund balance of the fire protection special revenue fund was \$114,330, an increase of \$34,184.

During the current fiscal year, taxes collected and remitted on behalf of the medical center amounted to \$81,677 and is accounted for in the medical center special revenue fund.

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

Unrestricted net deficits reported in the sewer and yacht dock funds at the end of the year amounted to \$79,707 and \$57,344, respectively. The sewer fund had an increase in net position for the year of \$74,716 and the yacht dock fund had a decrease of \$51,183. Other factors concerning the finances of these funds have already been addressed in the discussion of the Township's business-type activities.

## Capital Asset and Debt Administration

**Capital assets.** The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2016, amounted to \$1,908,267 (net of accumulated depreciation).

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

<b>Capital Assets</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 368,040	\$ -	\$ 368,040
Construction in progress	41,435	-	41,435
Buildings, equipment and infrastructure	438,255	1,060,537	1,498,792
<b>Total</b>	<b>\$847,730</b>	<b>\$1,060,537</b>	<b>\$1,908,267</b>

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

**Debt.** At the end of the current fiscal year, the Township had total debt outstanding of \$64,347 consisting of sewer bonds and an installment purchase agreement payable. Principle payments of \$30,000 were made on the sewer debt during the year. Additional information on the Township's long-term debt can be found in Note 6 of these financial statements.

### **Budgetary Highlights**

- Budgets were not amended during the year.

### **Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the Township's budget for the 2017 fiscal year:

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

### **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

**ST. JAMES TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2016**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 508,095	\$ 76,730	\$ 584,825
Internal balances	260,808	(260,808)	-
Accounts receivable	69,330	51,044	120,374
Capital assets, net			
Land	368,040	-	368,040
Construction in progress	41,435	-	41,435
Buildings, equipment and infrastructure	<u>438,255</u>	<u>1,060,537</u>	<u>1,498,792</u>
<b>Total assets</b>	<u>1,685,963</u>	<u>927,503</u>	<u>2,613,466</u>
<b>Liabilities</b>			
Accounts payable	45,700	3,229	48,929
Accrued liabilities	7,000	788	7,788
Noncurrent liabilities			
Due within one year	-	35,934	35,934
Due in more than one year	<u>-</u>	<u>28,413</u>	<u>28,413</u>
<b>Total liabilities</b>	<u>52,700</u>	<u>68,364</u>	<u>121,064</u>
<b>Net position</b>			
Investment in capital assets	847,730	996,190	1,843,920
Restricted for			
Roads	294,331	-	294,331
Fire protection	114,330	-	114,330
Liquor control	17,962	-	17,962
Unrestricted (deficit)	<u>358,910</u>	<u>(137,051)</u>	<u>221,859</u>
<b>Total net position</b>	<u>\$ 1,633,263</u>	<u>\$ 859,139</u>	<u>\$ 2,492,402</u>

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

**ST. JAMES TOWNSHIP**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED MARCH 31, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>Primary government</b>				
Governmental activities				
Legislative	\$ 133,875	\$ -	\$ -	\$ (133,875)
General government	106,731	82,371	42,438	18,078
Health and welfare	129,721	-	-	(129,721)
Public safety	101,007	-	77,874	(23,133)
Public works	161,759	-	3,469	(158,290)
Recreation and culture	97,636	-	34,533	(63,103)
Total governmental activities	<u>730,729</u>	<u>82,371</u>	<u>158,314</u>	<u>(490,044)</u>
Business-type activities				
Sewer	61,573	24,760	-	74,687
Yacht dock	98,961	47,773	-	(51,188)
Total business-type activities	<u>160,534</u>	<u>72,533</u>	<u>-</u>	<u>23,499</u>
<b>Total primary government</b>	<u>\$ 891,263</u>	<u>\$ 154,904</u>	<u>\$ 158,314</u>	<u>\$ (466,545)</u>

(Continued)

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

**ST. JAMES TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Changes in net assets</b>			
<b>Net (expense) revenue</b>	\$ (490,044)	\$ 23,499	\$ (466,545)
General revenues			
Property taxes			
General operating	200,449	-	200,449
Roads	96,316	-	96,316
Fire protection	48,160	-	48,160
Airport	48,044	-	48,044
Waste management	39,541	-	39,541
Emergency medical services	48,044	-	48,044
Historical society	12,006	-	12,006
Medical center	81,677	-	81,677
State shared revenues	27,427	-	27,427
Interest earnings	210	34	244
Total general revenues	<u>601,874</u>	<u>34</u>	<u>601,908</u>
Change in net position	111,830	23,533	135,363
<b>Net position, beginning of year</b>	<u>1,521,433</u>	<u>835,606</u>	<u>2,357,039</u>
<b>Net position, end of year</b>	<u>\$ 1,633,263</u>	<u>\$ 859,139</u>	<u>\$ 2,492,402</u>

(Concluded)

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

**ST. JAMES TOWNSHIP**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

**MARCH 31, 2016**

	<u>General</u>	<u>Road Fund</u>	<u>Fire Protection Fund</u>	<u>Medical Center</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 196,263	\$ 189,307	\$ 122,525	\$ -	\$ -	\$ 508,095
Accounts receivable	31,338	9,776	4,888	8,309	15,019	69,330
Due from other funds	<u>175,158</u>	<u>96,770</u>	<u>-</u>	<u>-</u>	<u>17,962</u>	<u>289,890</u>
<b>Total Assets</b>	<u>\$ 402,759</u>	<u>\$ 295,853</u>	<u>\$ 127,413</u>	<u>\$ 8,309</u>	<u>\$ 32,981</u>	<u>\$ 867,315</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 18,887	\$ 806	\$ 2,679	\$ 8,309	\$ 15,019	\$ 45,700
Deposits held for others	7,000	-	-	-	-	7,000
Due to other funds	<u>17,962</u>	<u>716</u>	<u>10,404</u>	<u>-</u>	<u>-</u>	<u>29,082</u>
<b>Total liabilities</b>	<u>43,849</u>	<u>1,522</u>	<u>13,083</u>	<u>8,309</u>	<u>15,019</u>	<u>81,782</u>
<b>Fund balances</b>						
Restricted	-	294,331	114,330	-	17,962	426,623
Assigned	12,366	-	-	-	-	12,366
Unassigned	<u>346,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>346,544</u>
<b>Total fund balances</b>	<u>358,910</u>	<u>294,331</u>	<u>114,330</u>	<u>-</u>	<u>17,962</u>	<u>785,533</u>
<b>Total liabilities and fund balances</b>	<u>\$ 402,759</u>	<u>\$ 295,853</u>	<u>\$ 127,413</u>	<u>\$ 8,309</u>	<u>\$ 32,981</u>	<u>\$ 867,315</u>

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



**ST. JAMES TOWNSHIP**

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

**MARCH 31, 2016**

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<b>Fund balances - total governmental funds</b>	\$ 785,533
Amounts reported for <i>governmental activities</i> in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add - capital assets (net)	<u>847,730</u>
<b>Net position of governmental activities</b>	<u>\$ 1,633,263</u>

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

**ST. JAMES TOWNSHIP**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>General</u>	<u>Road Fund</u>	<u>Fire Protection Fund</u>	<u>Medical Center</u>	<u>Non major Funds</u>	<u>Total</u>
<b>Revenues</b>						
Property taxes	\$ 200,449	\$ 96,316	\$ 48,160	\$ 81,677	\$ 147,635	\$ 574,237
Intergovernmental revenues						
State	65,214	-	-	-	1,922	67,136
Contributions from local units	34,533	3,469	74,909	-	-	112,911
Penal fines, fees and charges	65,795	-	-	-	-	65,795
Donations	-	-	2,965	-	-	2,965
Interest	98	83	29	-	-	210
Miscellaneous	19,305	-	-	-	-	19,305
<b>Total revenues</b>	<u>385,394</u>	<u>99,868</u>	<u>126,063</u>	<u>81,677</u>	<u>149,557</u>	<u>842,559</u>
<b>Expenditures</b>						
Current						
Legislative	133,875	-	-	-	-	133,875
General government	100,663	-	-	-	-	100,663
Health and welfare	-	-	-	81,677	48,044	129,721
Public safety	12,560	-	62,310	-	-	74,870
Public works	-	77,469	-	-	87,585	165,054
Recreation and culture	82,366	-	-	-	12,006	94,372
Capital outlay	-	-	29,569	-	-	29,569
<b>Total expenditures</b>	<u>329,464</u>	<u>77,469</u>	<u>91,879</u>	<u>81,677</u>	<u>147,635</u>	<u>728,124</u>
Revenues over (under) expenditure	<u>55,930</u>	<u>22,399</u>	<u>34,184</u>	<u>-</u>	<u>1,922</u>	<u>114,435</u>
Other financing sources (uses)						
Transfers in	-	4,200	-	-	-	4,200
Transfers out	(4,200)	-	-	-	-	(4,200)
Total other financing sources (uses)	<u>(4,200)</u>	<u>4,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	51,730	26,599	34,184	-	1,922	114,435
<b>Fund balances, beginning of year</b>	<u>307,180</u>	<u>267,732</u>	<u>80,146</u>	<u>-</u>	<u>16,040</u>	<u>671,098</u>
<b>Fund balances, end of year</b>	<u>\$ 358,910</u>	<u>\$ 294,331</u>	<u>\$ 114,330</u>	<u>\$ -</u>	<u>\$ 17,962</u>	<u>\$ 785,533</u>

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

# ST. JAMES TOWNSHIP

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

FOR THE YEAR ENDED MARCH 31, 2016

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<b>Net changes in fund balances - total governmental funds</b>	\$ 114,435
Amounts reported for <i>governmental activities</i> in the statement of activities are different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Add - capital outlay	36,936
Deduct - depreciation expense	<u>(39,541)</u>
<b>Change in net position of governmental activities</b>	<u>\$ 111,830</u>

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

# ST. JAMES TOWNSHIP

## ENTERPRISE FUNDS STATEMENT OF NET POSITION

MARCH 31, 2016

<b>Assets</b>	<b>Sewer</b>	<b>Yacht Dock</b>	<b>Total</b>
Current assets			
Cash and cash equivalents	\$ 73,210	\$ 3,520	\$ 76,730
Receivables			
Accounts	38,185	-	38,185
Assessments	2,624	-	2,624
Tax roll	10,235	-	10,235
	<u>124,254</u>	<u>3,520</u>	<u>127,774</u>
Total current assets			
Noncurrent assets			
Capital assets, net	522,606	537,931	1,060,537
	<u>646,860</u>	<u>541,451</u>	<u>1,188,311</u>
<b>Total assets</b>			
	<u>646,860</u>	<u>541,451</u>	<u>1,188,311</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	1,500	1,729	3,229
Accrued liabilities	788	-	788
Due to other funds	201,673	59,135	260,808
Current portion of long-term debt	35,934	-	35,934
	<u>239,895</u>	<u>60,864</u>	<u>300,759</u>
Total current liabilities			
Long-term liabilities			
Long-term debt, net of current portion	28,413	-	28,413
	<u>28,413</u>	<u>-</u>	<u>28,413</u>
<b>Total liabilities</b>			
	<u>268,308</u>	<u>60,864</u>	<u>329,172</u>
<b>Net position</b>			
Net investment in capital assets	458,259	537,931	996,190
Unrestricted (deficit)	(79,707)	(57,344)	(137,051)
	<u>378,552</u>	<u>480,587</u>	<u>859,139</u>
<b>Total net position</b>			
	<u>\$ 378,552</u>	<u>\$ 480,587</u>	<u>\$ 859,139</u>

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

# ST. JAMES TOWNSHIP

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

FOR THE YEAR ENDED MARCH 31, 2016

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	<u>Sewer</u>	<u>Yacht Dock</u>	<u>Total</u>
<b>Operating revenue</b>			
Charges for services	\$ 24,386	\$ 47,773	\$ 72,159
Other	374	-	374
	<hr/>	<hr/>	<hr/>
<b>Total operating revenue</b>	24,760	47,773	72,533
	<hr/>	<hr/>	<hr/>
<b>Operating expense</b>			
Personnel	26,821	36,278	63,099
Repair and maintenance	967	2,194	3,161
Supplies and other	7,429	20,102	27,531
Adjustment of account receivable	8,360	-	8,360
Depreciation	14,623	40,387	55,010
	<hr/>	<hr/>	<hr/>
<b>Total operating expense</b>	58,200	98,961	157,161
	<hr/>	<hr/>	<hr/>
Operating income (loss)	(33,440)	(51,188)	(84,628)
	<hr/>	<hr/>	<hr/>
Non-operating revenue (expense)			
Special assessment interest	1,597	-	1,597
State grants	109,903	-	109,903
Interest income	29	5	34
Interest expense	(3,373)	-	(3,373)
	<hr/>	<hr/>	<hr/>
Total non-operating revenue (expense)	108,156	5	108,161
	<hr/>	<hr/>	<hr/>
Changes in net position	74,716	(51,183)	23,533
	<hr/>	<hr/>	<hr/>
<b>Net position, beginning of year</b>	303,836	531,770	835,606
	<hr/>	<hr/>	<hr/>
<b>Net position, end of year</b>	\$ 378,552	\$ 480,587	\$ 859,139
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**ST. JAMES TOWNSHIP**

**ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Sewer</u>	<u>Yacht Dock</u>	<u>Total</u>
<b>Cash flows from operating activities</b>			
Receipts from customers and users	\$ 77,218	\$ 47,773	\$ 124,991
Payments to employees	(26,821)	(36,278)	(63,099)
Payments to suppliers	<u>(11,321)</u>	<u>(21,884)</u>	<u>(33,205)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>39,076</u>	<u>(10,389)</u>	<u>28,687</u>
<b>Cash flows from non-capital financing activities</b>			
Loan (made to) received from other funds	<u>3,293</u>	<u>10,794</u>	<u>14,087</u>
<b>Cash flows from capital and related financing activities</b>			
Payment received on grants	109,903	-	109,903
Interest paid	(4,115)	-	(4,115)
Principal paid on long-term debt	(35,665)	-	(35,665)
Acquisitions of capital assets	<u>(70,260)</u>	<u>-</u>	<u>(70,260)</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(137)</u>	<u>-</u>	<u>(137)</u>
<b>Cash flows from investing activities</b>			
Interest income	<u>1,626</u>	<u>5</u>	<u>1,631</u>
Net increase (decrease) in cash and cash equivalents	43,858	410	44,268
<b>Cash and cash equivalents, beginning of year</b>	<u>29,352</u>	<u>3,110</u>	<u>32,462</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 73,210</u>	<u>\$ 3,520</u>	<u>\$ 76,730</u>
<b>Cash flows from operating activities</b>			
Operating income (loss)	\$ (33,440)	\$ (51,188)	\$ (84,628)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	14,623	40,387	55,010
Accounts receivable adjustment	8,360	-	8,360
Changes in operating assets and liabilities which provided (used) cash			
Accounts receivable	52,458	-	52,458
Accounts payable	<u>(2,925)</u>	<u>412</u>	<u>(2,513)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 39,076</u>	<u>\$ (10,389)</u>	<u>\$ 28,687</u>

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

**ST. JAMES TOWNSHIP**  
**AGENCY FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**MARCH 31, 2016**

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**Assets**

Cash and cash equivalents \$ 557

**Total assets**

\$ 557

**Liabilities**

Due to other governments \$ 557

**Total Liabilities**

\$ 557

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

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# ST. JAMES TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### **Reporting Entity**

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

#### **Joint Operations**

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

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

Peaine Township  
Waste management  
Emergency Medical Services  
Beaver Island Airport

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

St. James Township also controls the yacht dock and operates it jointly with Peaine Township. Operating deficiencies are shared by the Townships with St. James funding 66.67% and Peaine funding 33.33%. During the most recent fiscal year the yacht dock reported an operating deficiency of \$51,183 and a net position of \$480,587 at March 31, 2016.

#### **Government-wide and Fund Financial Statements**

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

# ST. JAMES TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2016

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements (except the agency funds do not have a measurement focus). Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following major governmental funds:

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources, except those required to be accounted for in another fund.

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

# ST. JAMES TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2016

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

The Medical Center Fund is used to account for the proceeds of a dedicated millage that is legally restricted for the medical center.

The Township reports the following major proprietary funds:

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

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

Additionally, the Township reports the following fund type:

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

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

#### ***Budgets and Budgetary Accounting***

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

1. Prior to March 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all funds except agency funds.
5. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Adoption and amendments of all budgets used by the Township are governed by Public Act 621. The appropriations ordinances are based on the projected expenditures budget of the Township. Any amendment to the original budget must meet the requirements of Public Act 621. The Township did not amend its budget during the year. Any revisions that alter the total expenditures of any activity must be approved by the Township Board.

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

# ST. JAMES TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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### ***Cash and Cash Equivalents***

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

### ***Investment Statutory Authority***

State statutes authorize the Township to invest in:

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

### ***Receivables***

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

### ***Due to and Due from Other Funds***

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

### ***Capital Assets***

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

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

# ST. JAMES TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2016

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

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

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

#### ***Long-Term Obligations***

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

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

#### ***Net Position and Fund Balance Reporting***

Governmental funds report fund balance in the following five categories:

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

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

#### ***Interfund Transactions***

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

# ST. JAMES TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2016

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#### ***Net Position and Fund Balance Flow Assumptions***

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

#### ***Property Taxes***

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

#### ***Grants and Other Intergovernmental Revenues***

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

#### ***Risk Management***

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2016, the Township carried commercial insurance to cover risks of losses. The Township has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

## **2. DEPOSITS AND INVESTMENTS**

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

Governmental activities	\$508,095
Business-type activities	76,730
Fiduciary funds	<u>557</u>
	<u><b>\$585,382</b></u>

Cash and cash equivalents consist of \$585,382 of deposits at March 31, 2016.

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

# ST. JAMES TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2016

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. As of year-end, \$335,868 of the Township's bank balance of \$585,868 was exposed to custodial credit risk because it was uninsured and uncollateralized.

### 3. INTERFUND RECEIVABLES AND PAYABLES

Amounts receivable and payable represent loans between funds which consist of the following for the year ended March 31, 2016:

Receivable	Payable					Total
	<u>General fund</u>	<u>Sewer fund</u>	<u>Fire protection fund</u>	<u>Road fund</u>	<u>Yacht dock fund</u>	
General fund	\$ -	\$104,903	\$10,404	\$716	\$59,135	<b>\$175,158</b>
Road fund	-	96,770	-	-	-	<b>96,770</b>
Nonmajor funds	17,962	-	-	-	-	<b>17,962</b>
<b>Total</b>	<b>\$17,962</b>	<b>\$201,673</b>	<b>\$10,404</b>	<b>\$716</b>	<b>\$59,135</b>	<b>\$289,890</b>

### 4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Balance April 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2016</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land				
Solely owned	\$ 51,530	\$ -	\$ -	\$ 51,530
Jointly owned	316,510			316,510
Construction in progress				
Solely owned	41,435	-	-	41,435
<b>Total capital assets not being depreciated</b>	<b>409,475</b>			<b>409,475</b>
Capital assets being depreciated				
Land improvements				
Solely owned	33,808	-	-	33,808
Buildings and improvements				
Solely owned	208,529	-	-	208,529
Jointly owned				
Fire fund	138,663	33,467	-	172,130
Other Township buildings	301,088	-	-	301,088
Equipment and furniture				
Solely owned	130,378	3,469	-	133,847
Jointly owned				
Fire fund	275,235	-	-	275,235
<b>Total capital assets being depreciated</b>	<b>1,087,701</b>	<b>36,936</b>	<b>-</b>	<b>1,124,637</b>
Less accumulated depreciation	646,841	39,541	-	686,382
<b>Net capital assets being depreciated</b>	<b>440,860</b>	<b>(2,605)</b>	<b>-</b>	<b>438,255</b>
<b>Governmental Activities capital assets, net</b>	<b>\$ 850,335</b>	<b>\$ (2,605)</b>	<b>\$ -</b>	<b>\$ 847,730</b>

# ST. JAMES TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2016

	<u>Balance April 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2016</u>
<b>Business-type Activities</b>				
Buildings and improvements				
Jointly owned	\$1,011,513	\$ -	\$ -	\$1,011,513
Sewer system				
Solely owned	623,019	70,260	-	693,279
Total capital assets	1,634,532	70,260	-	1,704,792
Less accumulated depreciation	589,245	55,010	-	644,255
<b>Business-type Activities capital assets, net</b>	<b><u>\$1,045,287</u></b>	<b><u>\$15,250</u></b>	<b><u>\$ -</u></b>	<b><u>\$1,060,537</u></b>

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

<b>Governmental Activities</b>	
General government	\$ 9,966
Public safety	26,137
Culture and recreation	3,264
Public works	174
	174
<b>Total depreciation expense, governmental activities</b>	<b><u>\$39,541</u></b>
 <b>Business-type Activities</b>	
Sewer	\$14,623
Yacht dock	40,387
	40,387
<b>Total depreciation expense, business-type activities</b>	<b><u>\$55,010</u></b>

#### 5. DEFINED CONTRIBUTION PENSION PLAN

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

Employer and employee contributions to the plan for the year ended March 31, 2016 amounted to \$1,990 and \$1,942, respectively.



# ST. JAMES TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2016

#### 6. LONG-TERM DEBT

The following is a summary of the debt transactions of the Township for the year ended March 31, 2016.

	<u>Balance April 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2016</u>	<u>Due Within One Year</u>
<b>Business-type Activities</b>					
\$500,000 Special Assessment Unlimited Tax Bonds, payable in annual installments of \$30,000 through April 1, 2016, plus interest at 5.25%	\$ 60,000	\$ -	\$30,000	\$30,000	\$30,000
\$59,167 installment purchase agreement, payable in quarterly installments of \$1,845 through June 1, 2021, including interest at 4.5%	40,012	-	5,665	34,347	5,934
	<u>\$100,012</u>	<u>\$ -</u>	<u>\$35,665</u>	<u>\$64,347</u>	<u>\$35,934</u>

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of March 31, 2016 are as follows:

<u>Year Ended March 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$35,934	\$2,233
2018	6,205	1,175
2019	6,489	891
2020	6,786	594
2021	7,097	283
2022	1,836	21
<b>Total</b>	<b><u>\$64,347</u></b>	<b><u>\$5,197</u></b>

#### 7. CONTINGENT LIABILITIES

In the normal course of its activities, the Township has become a party in various legal actions. Management of the Township is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Township and, therefore, has not reflected loss reserves in the financial statements

#### 8. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

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

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

# ST. JAMES TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2016

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During the year ended March 31, 2016, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>General Fund</b>			
General government			
Legislative	\$122,938	\$133,875	\$(10,937)
General government	93,712	100,663	(6,951)
Public safety	10,000	12,560	(2,560)
<b>Fire Protection Fund</b>			
Capital outlay	26,600	29,569	(2,969)

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 194,000	\$ 194,000	\$ 200,449	\$ 6,449
Intergovernmental revenues				
State	33,000	33,000	65,214	32,214
Local	20,000	20,000	34,533	14,533
Fees and service charges	59,784	59,784	65,795	6,011
Interest	100	100	98	(2)
Miscellaneous	13,200	13,200	19,305	6,105
<b>Total revenues</b>	<u>320,084</u>	<u>320,084</u>	<u>385,394</u>	<u>65,310</u>
<b>Expenditures</b>				
Current				
Legislative	122,938	122,938	133,875	(10,937)
General government	93,712	93,712	100,663	(6,951)
Public safety	10,000	10,000	12,560	(2,560)
Recreation and culture	90,700	90,700	82,366	8,334
<b>Total expenditures</b>	<u>317,350</u>	<u>317,350</u>	<u>329,464</u>	<u>(12,114)</u>
Revenues over (under) expenditures	2,734	2,734	55,930	53,196
Other financing sources (uses)				
Transfers out	(3,600)	(3,600)	(4,200)	(600)
Net changes in fund balance	(866)	(866)	51,730	52,596
<b>Fund balance, beginning of year</b>	<u>307,180</u>	<u>307,180</u>	<u>307,180</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 306,314</u>	<u>\$ 306,314</u>	<u>\$ 358,910</u>	<u>\$ 52,596</u>

**ST. JAMES TOWNSHIP**

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

**FOR THE YEAR ENDED MARCH 31, 2016**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 91,825	\$ 91,825	\$ 96,316	\$ 4,491
Intergovernmental revenue				
Local	-	-	3,469	3,469
Interest	100	100	83	(17)
<b>Total Revenues</b>	91,925	91,925	99,868	7,943
<b>Expenditures</b>				
Current				
Public Works				
Roads	94,000	94,000	77,469	16,531
Revenues over (under) expenditures	(2,075)	(2,075)	22,399	24,474
Other financing sources				
Transfers in	-	-	4,200	4,200
Net changes in fund balance	(2,075)	(2,075)	26,599	28,674
<b>Fund balance, beginning of year</b>	267,732	267,732	267,732	-
<b>Fund balance, end of year</b>	<u>\$ 265,657</u>	<u>\$ 265,657</u>	<u>\$ 294,331</u>	<u>\$ 28,674</u>

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

**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 44,765	\$ 44,765	\$ 48,160	\$ 3,395
Intergovernmental revenue				
Local	65,470	65,470	74,909	9,439
Donations	2,000	2,000	2,965	965
Interest	1,000	1,000	29	(971)
<b>Total Revenues</b>	<u>113,235</u>	<u>113,235</u>	<u>126,063</u>	<u>12,828</u>
<b>Expenditures</b>				
Current				
Public Safety				
Fire department	71,400	71,400	62,310	9,090
Capital outlay	26,600	26,600	29,569	(2,969)
<b>Total expenditures</b>	<u>98,000</u>	<u>98,000</u>	<u>91,879</u>	<u>6,121</u>
Net changes in fund balance	15,235	15,235	34,184	18,949
<b>Fund balance, beginning of year</b>	<u>80,146</u>	<u>80,146</u>	<u>80,146</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 95,381</u>	<u>\$ 95,381</u>	<u>\$ 114,330</u>	<u>\$ 18,949</u>

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



**ST. JAMES TOWNSHIP**

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

**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
Property taxes	\$ 194,000	\$ 194,000	\$ 200,449	\$ 6,449
Intergovernmental revenues				
Grants	-	-	34,534	34,534
State shared revenues	33,000	33,000	27,427	(5,573)
Other state revenues	-	-	3,253	3,253
Peaine Township reimbursements	20,000	20,000	34,533	14,533
Total intergovernmental revenues	53,000	53,000	99,747	46,747
Fees and service charges				
Tax collection	20,384	20,384	24,659	4,275
Building and zoning	1,000	1,000	650	(350)
Camping fees	1,200	1,200	1,874	674
Rental	37,200	37,200	38,612	1,412
Total fees and service charges	59,784	59,784	65,795	6,011
Interest	100	100	98	(2)
Other revenue				
Miscellaneous	13,200	13,200	19,305	6,105
<b>Total Revenues</b>	<b>\$ 320,084</b>	<b>\$ 320,084</b>	<b>\$ 385,394</b>	<b>\$ 65,310</b>

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

**FOR THE YEAR ENDED MARCH 31, 2016**

<b>Expenditures</b>	<b>Budget Amounts</b>		<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Current				
Legislative				
Board	\$ 122,938	\$ 122,938	\$ 133,875	\$ (10,937)
General government				
Supervisor	16,667	16,667	16,556	111
Elections and registration	600	600	1,884	(1,284)
Clerk	17,200	17,200	16,889	311
Board of Review	1,000	1,000	127	873
Assessor	17,000	17,000	16,696	304
Treasurer	17,095	17,095	19,695	(2,600)
Hall and grounds	22,150	22,150	24,756	(2,606)
Public restrooms	2,000	2,000	3,425	(1,425)
Cemetery	-	-	635	(635)
Total general government	93,712	93,712	100,663	(6,951)
Public Safety				
Sheriff services	-	-	4,786	(4,786)
Zoning and planning	10,000	10,000	7,774	2,226
Total public safety	10,000	10,000	12,560	(2,560)
Recreation and culture				
Parks	90,700	90,700	82,366	8,334
Total recreation and culture	90,700	90,700	82,366	8,334
<b>Total expenditures</b>	<b>\$ 317,350</b>	<b>\$ 317,350</b>	<b>\$ 329,464</b>	<b>\$ (12,114)</b>

**ST. JAMES TOWNSHIP**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**MARCH 31, 2016**

	<u>Special Revenue Funds</u>					<u>Total</u>
	<u>Airport</u>	<u>Waste Management</u>	<u>EMS</u>	<u>Historical Society</u>	<u>Liquor Control</u>	
<b>Assets</b>						
Accounts receivable	\$ 4,888	\$ 4,022	\$ 4,888	\$ 1,221	\$ -	\$ 15,019
Due from other funds	-	-	-	-	17,962	17,962
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total assets</b>	<u>\$ 4,888</u>	<u>\$ 4,022</u>	<u>\$ 4,888</u>	<u>\$ 1,221</u>	<u>\$ 17,962</u>	<u>\$ 32,981</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 4,888	\$ 4,022	\$ 4,888	\$ 1,221	\$ -	\$ 15,019
<b>Fund balances</b>						
Restricted						
Public safety	-	-	-	-	17,962	17,962
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities and fund balances</b>	<u>\$ 4,888</u>	<u>\$ 4,022</u>	<u>\$ 4,888</u>	<u>\$ 1,221</u>	<u>\$ 17,962</u>	<u>\$ 32,981</u>

**ST. JAMES TOWNSHIP**

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

**FOR THE YEAR ENDED MARCH 31, 2016**

	Special Revenue Funds					Total
	Airport	Waste Management	EMS	Historical Society	Liquor Control	
<b>Revenues</b>						
Taxes	\$ 48,044	\$ 39,541	\$ 48,044	\$ 12,006	\$ -	\$ 147,635
Intergovernmental revenues						
State	-	-	-	-	1,922	1,922
<b>Total revenues</b>	<u>48,044</u>	<u>39,541</u>	<u>48,044</u>	<u>12,006</u>	<u>1,922</u>	<u>149,557</u>
<b>Expenditures</b>						
Current						
Health and Welfare	-	-	48,044	-	-	48,044
Public works	48,044	39,541	-	-	-	87,585
Recreation and culture	-	-	-	12,006	-	12,006
<b>Total expenditures</b>	<u>48,044</u>	<u>39,541</u>	<u>48,044</u>	<u>12,006</u>	<u>-</u>	<u>147,635</u>
Net changes in fund balances	-	-	-	-	1,922	1,922
<b>Fund balances, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,040</u>	<u>16,040</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,962</u>	<u>\$ 17,962</u>