

St. James Township Beaver Island, Michigan

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017



Vredeveld Haefner LLC
CPAs and Consultants

ST. JAMES TOWNSHIP

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10-11
Fund Financial Statements	
Balance Sheet - Governmental Funds	12
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to the Net Position of Governmental Activities on the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position - Enterprise Funds	16
Statement of Revenues, Expenses, and Changes in Net Position - Enterprise Funds	17
Statement of Cash Flows - Enterprise Funds	18
Statement of Assets and Liabilities - Agency Fund	19
Notes to the Financial Statements	21-30
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	31
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Road Fund	32
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Fire Protection Fund	33
Combining and Individual Fund Statements and Schedules	
General Fund	
Schedule of Revenues - Budget and Actual	35
Schedule of Expenditures - Budget and Actual	36
Nonmajor Governmental Funds	
Combining Balance Sheet	37
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	38



Vredeveld Haefner LLC

CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

INDEPENDENT AUDITORS' REPORT

August 1, 2017

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, 2017, 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, 2017, 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.

Uredereld 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, 2017. 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

- All township officers changed during the fiscal year; the former clerk, treasurer and supervisor were in office for approximately 2/3 of the fiscal year.
- The Township completed a study of the sewer fund billing and collection process and implemented a plan to bill and collect sewer fees
- The township adopted a Budget Document and Development Policy
- The township appointed a finance committee and implemented monthly finance meetings

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 municipal 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 EMS 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 municipal 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 municipal 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 \$2,564,057 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	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 761,394	\$ 577,425	\$ 51,603	\$ 127,774	\$ 812,997	\$ 705,199
Internal balances	117,051	260,808	(117,051)	(260,808)	-	-
Capital assets, net	815,479	847,730	1,003,881	1,060,537	1,409,885	1,908,267
Total assets	1,693,924	1,685,963	938,433	927,503	2,632,357	2,613,466
Long-term liabilities	-	-	28,413	64,347	28,413	64,347
Other liabilities	38,331	52,700	1,556	4,017	39,887	56,717
Total liabilities	38,331	52,700	29,969	68,364	68,300	121,064
Net position						
Net investment in capital						
assets	815,479	847,730	975,468	996,190	1,790,947	1,843,920
Restricted	546,055	426,623	-	-	546,055	426,623
Unrestricted (deficit)	294,059	358,910	(67,004)	(137,051)	227,055	221,859
Total net position	\$1,655,593	\$1,633,263	\$908,464	\$859,139	\$2,564,057	\$2,492,402

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 \$60,429 with both the governmental activities and business-type activities showing an increase from prior balances. The governmental activities increase in net position of \$11,104 is primarily due to conservative spending of restricted revenue sources. The business-type activities increase in net position of \$49,325 was primarily the result of an interfund loan being forgiven.

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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue						
Program revenue						
Charges for services	\$ 111,913	\$ 82,371	\$ 91,847	\$ 72,533	\$ 203,760	\$ 154,904
Operating grants and Contributions	93,597	158,314	30	-	93,627	158,314
Capital grants and contributions	-	-	-	111,500	-	111,500
General revenue						
Property taxes	637,710	574,237	-	-	637,710	574,237
State shared revenue	28,983	27,427	-	-	28,983	27,427
Other	224	210	42	34	266	244
Total revenue	872,427	842,559	91,919	184,067	964,346	1,026,626
Expenses						
Legislative	113,431	133,875	-	-	113,431	133,875
General government	126,481	106,731	-	-	126,481	106,731
Health and welfare	79,277	81,677	-	-	79,277	81,677
Public safety	220,004	149,051	-	-	220,004	149,051
Public works	108,306	161,759	-	-	108,306	161,759
Recreation and culture	108,921	97,636	-	-	108,921	97,636
Sewer	-	-	70,301	61,573	70,301	61,573
Municipal dock	-	-	77,196	98,961	77,196	98,961
Total expenses	756,420	730,729	147,497	160,534	903,917	891,263
Interfund loan forgiven by general fund	(104,903)	-	104,903	-	-	-
Increase in net position	11,104	111,830	49,325	23,533	60,429	136,363
Net position, beginning of year	1,644,489	1,521,433	859,139	835,606	2,503,628	2,357,039
Net position, end of year	\$1,655,593	\$1,633,263	\$908,464	\$859,139	\$2,564,057	\$2,492,402

Governmental Activities. During the year the Township invested \$220,004 or 29% of governmental activities expenses in public safety which includes sheriff, fire, zoning and ambulance services. Additionally, the Township invested \$126,481 or 17% of governmental activities expenses in general government while legislative, public works, health and welfare, and recreation and culture made up the remaining 54% of governmental activities expenses.

Business-type Activities. Business-type activities increased the Township's net position by \$49,325 compared to an increase of \$23,533 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 \$846,648, an increase of \$49,889 in comparison with the prior year. Of the \$840,114, \$294,059 is reported in the general fund. The remaining amount of fund balance is reported in various funds as non-spendable, restricted, committed, or assigned for certain uses depending on the nature of the restriction.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$294,059. 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 75% of total general fund expenditures. Fund balance of the Township's general fund decreased by \$76,077.

At the end of the current fiscal year, fund balance of the road fund special revenue fund was \$364,934, an increase of \$70,603 from the previous year.

At the end of the current fiscal year, fund balance of the fire protection special revenue fund was \$161,248, an increase of \$46,918.

During the current fiscal year, taxes collected and remitted on behalf of EMS amounted to \$120,116 and is accounted for in the EMS special revenue fund. This increased substantially from last year due to an additional voted EMS millage.

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 municipal dock funds at the end of the year amounted to \$35,103 and \$31,901, respectively. The sewer fund had an increase in net position for the year of \$64,269 and the municipal dock fund had a decrease of \$14,944. 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, 2017, amounted to \$1,819,360 (net of accumulated depreciation).

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

Capital Assets			
	Governmental Activities	Business-type Activities	Total
Land	\$368,040	\$ -	\$ 368,040
Construction in progress	41,435	-	41,435
Buildings, equipment and infrastructure	406,004	1,003,881	1,409,885
Total	\$815,479	\$1,003,881	\$1,819,360

There were no significant additions during the year. 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 \$28,413 consisting of a sewer installment purchase agreement payable. Principle payments of \$35,934 were made on the sewer debt during the year which included the final \$30,000 payment on sewer bonds. Additional information on the Township's long-term debt can be found in Note 5 of these financial statements.

Budgetary Highlights

- Budgets were 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 2018 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) 448-2014.

BASIC FINANCIAL STATEMENTS

ST. JAMES TOWNSHIP
STATEMENT OF NET POSITION
MARCH 31, 2017

	Primary Government		
	Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 678,313	\$ 46,218	\$ 724,531
Internal balances	117,051	(117,051)	-
Accounts receivable	83,081	5,385	88,466
Capital assets, net			
Land	368,040	-	368,040
Construction in progress	41,435	-	41,435
Buildings, equipment and infrastructure	406,004	1,003,881	1,409,885
Total assets	<u>1,693,924</u>	<u>938,433</u>	<u>2,632,357</u>
Liabilities			
Accounts payable	33,604	1,556	35,160
Accrued liabilities	4,727	-	4,727
Noncurrent liabilities			
Due within one year	-	6,205	6,205
Due in more than one year	-	22,208	22,208
Total liabilities	<u>38,331</u>	<u>29,969</u>	<u>68,300</u>
Net position			
Investment in capital assets	815,479	975,468	1,790,947
Restricted for			
Roads	364,934	-	364,934
Fire protection	161,248	-	161,248
Liquor control	19,873	-	19,873
Unrestricted (deficit)	294,059	(67,004)	227,055
Total net position	<u>\$ 1,655,593</u>	<u>\$ 908,464</u>	<u>\$ 2,564,057</u>

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

ST. JAMES TOWNSHIP

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2017

<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>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities				
Legislative	\$ 113,431	\$ -	\$ -	\$ -
General government	126,481	109,451	4,800	-
Health and welfare	79,277	-	-	-
Public safety	220,004	1,200	67,996	-
Public works	108,306	-	-	-
Recreation and culture	108,921	1,262	20,801	-
Total governmental activities	756,420	111,913	93,597	-
Business-type activities				
Sewer	70,301	29,638	-	-
Yacht dock	77,196	62,209	30	-
Total business-type activities	147,497	91,847	30	-
Total primary government	\$ 903,917	\$ 203,760	\$ 93,627	\$ -

(Continued)

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

ST. JAMES TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2017

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Changes in net assets			
Net (expense) revenue	\$ (550,910)	\$ (55,620)	\$ (606,530)
General revenues			
Property taxes			
General operating	201,236	-	201,236
Roads	96,872	-	96,872
Fire protection	46,610	-	46,610
Airport	48,047	-	48,047
Waste management	33,541	-	33,541
Emergency medical services	120,116	-	120,116
Historical society	12,011	-	12,011
Medical center	79,277	-	79,277
State shared revenues	28,983	-	28,983
Interest earnings	224	42	266
Interfund loan forgiven	(104,903)	104,903	-
Total general revenues	562,014	104,945	666,959
Change in net position	11,104	49,325	60,429
Net position, beginning of year, as restated	1,644,489	859,139	2,503,628
Net position, end of year	\$ 1,655,593	\$ 908,464	\$ 2,564,057

(Concluded)

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

ST. JAMES TOWNSHIP**GOVERNMENTAL FUNDS
BALANCE SHEET****MARCH 31, 2017**

	<u>General</u>	<u>Road Fund</u>	<u>Fire Protection Fund</u>	<u>EMS</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Assets						
Cash and cash equivalents	\$ 213,726	\$ 294,155	\$ 170,432	\$ -	\$ -	\$ 678,313
Accounts receivable	49,783	7,352	3,536	9,188	13,222	83,081
Due from other funds	22,844	-	-	-	19,873	42,717
Advance due from other funds	<u>41,500</u>	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,500</u>
Total Assets	<u>\$ 327,853</u>	<u>\$ 366,507</u>	<u>\$ 173,968</u>	<u>\$ 9,188</u>	<u>\$ 33,095</u>	<u>\$ 910,611</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 9,194	\$ 857	\$ 1,143	\$ 9,188	\$ 13,222	\$ 33,604
Deposits held for others	4,727	-	-	-	-	4,727
Due to other funds	<u>19,873</u>	<u>716</u>	<u>11,577</u>	<u>-</u>	<u>-</u>	<u>32,166</u>
Total liabilities	<u>33,794</u>	<u>1,573</u>	<u>12,720</u>	<u>9,188</u>	<u>13,222</u>	<u>70,497</u>
Fund balances						
Non-spendable long term advance	41,500	65,000	-	-	-	106,500
Restricted	-	299,934	161,248	-	19,873	481,055
Unassigned	<u>252,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,559</u>
Total fund balances	<u>294,059</u>	<u>364,934</u>	<u>161,248</u>	<u>-</u>	<u>19,873</u>	<u>840,114</u>
Total liabilities and fund balances	<u>\$ 327,853</u>	<u>\$ 366,507</u>	<u>\$ 173,968</u>	<u>\$ 9,188</u>	<u>\$ 33,095</u>	<u>\$ 910,611</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, 2017

Fund balances - total governmental funds	\$	840,114
---	----	---------

Amounts reported for *governmental activities* 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>815,479</u>
----------------------------	--	----------------

Net position of governmental activities	\$	<u><u>1,655,593</u></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, 2017

	<u>General</u>	<u>Road Fund</u>	<u>Fire Protection Fund</u>	<u>EMS</u>	<u>Non major Funds</u>	<u>Total</u>
Revenues						
Property taxes	\$ 201,236	\$ 96,872	\$ 46,610	\$ 120,116	\$ 172,876	\$ 637,710
Intergovernmental revenues						
State	29,774	-	-	-	1,911	31,685
Contributions from local units	20,801	-	65,406	-	-	86,207
Penal fines, fees and charges	70,165	-	-	-	-	70,165
Donations	-	-	2,590	-	-	2,590
Interest	71	102	51	-	-	224
Miscellaneous	43,846	-	-	-	-	43,846
Total revenues	<u>365,893</u>	<u>96,974</u>	<u>114,657</u>	<u>120,116</u>	<u>174,787</u>	<u>872,427</u>
Expenditures						
Current						
Legislative	113,431	-	-	-	-	113,431
General government	116,452	-	-	-	-	116,452
Health and welfare	-	-	-	-	79,277	79,277
Public safety	13,475	-	65,441	120,116	-	199,032
Public works	-	26,371	-	-	81,588	107,959
Recreation and culture	93,709	-	-	-	12,011	105,720
Capital outlay	-	-	2,298	-	-	2,298
Total expenditures	<u>337,067</u>	<u>26,371</u>	<u>67,739</u>	<u>120,116</u>	<u>172,876</u>	<u>724,169</u>
Revenues over (under) expenditures	28,826	70,603	46,918	-	1,911	148,258
Other financing sources (uses)						
Forgiveness of amount due from other fund	(104,903)	-	-	-	-	(104,903)
Net changes in fund balances	(76,077)	70,603	46,918	-	1,911	43,355
Fund balances, beginning of year, as restated	<u>370,136</u>	<u>294,331</u>	<u>114,330</u>	<u>-</u>	<u>17,962</u>	<u>796,759</u>
Fund balances, end of year	<u>\$ 294,059</u>	<u>\$ 364,934</u>	<u>\$ 161,248</u>	<u>\$ -</u>	<u>\$ 19,873</u>	<u>\$ 840,114</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, 2017

Net changes in fund balances - total governmental funds	\$ 43,355
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.	
Deduct - depreciation expense	<u>(32,251)</u>
Change in net position of governmental activities	<u>\$ 11,104</u>

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

ST. JAMES TOWNSHIP

ENTERPRISE FUNDS

STATEMENT OF NET POSITION

MARCH 31, 2017

	<u>Sewer</u>	<u>Municipal Dock</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 25,578	\$ 20,640	\$ 46,218
Receivables			
Accounts	2,268	-	2,268
Assessments	2,624	-	2,624
Tax roll	493	-	493
	<u>30,963</u>	<u>20,640</u>	<u>51,603</u>
Total current assets			
Noncurrent assets			
Capital assets, net	<u>506,337</u>	<u>497,544</u>	<u>1,003,881</u>
Total assets	<u>537,300</u>	<u>518,184</u>	<u>1,055,484</u>
Liabilities			
Current liabilities			
Accounts payable	-	1,556	1,556
Due to other funds	1,066	9,485	10,551
Current portion of advance due to other funds	13,000	8,000	21,000
Current portion of long-term debt	6,205	-	6,205
	<u>20,271</u>	<u>19,041</u>	<u>39,312</u>
Total current liabilities			
Long-term liabilities			
Long-term advance due to other funds	52,000	33,500	85,500
Long-term debt, net of current portion	22,208	-	22,208
	<u>74,208</u>	<u>33,500</u>	<u>107,708</u>
Total long-term liabilities			
Total liabilities	<u>94,479</u>	<u>52,541</u>	<u>147,020</u>
Net position			
Net investment in capital assets	477,924	497,544	975,468
Unrestricted (deficit)	(35,103)	(31,901)	(67,004)
Total net position	<u>\$ 442,821</u>	<u>\$ 465,643</u>	<u>\$ 908,464</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, 2017

	<u>Sewer</u>	<u>Municipal Dock</u>	<u>Total</u>
Operating revenue			
Charges for services	\$ 29,638	\$ 62,209	\$ 91,847
Other	<u>-</u>	<u>30</u>	<u>30</u>
Total operating revenue	<u>29,638</u>	<u>62,239</u>	<u>91,877</u>
Operating expense			
Personnel	25,705	18,337	44,042
Repair and maintenance	11,978	2,927	14,905
Supplies and other	9,803	15,545	25,348
Contracted services	5,100	-	5,100
Depreciation	<u>16,269</u>	<u>40,387</u>	<u>56,656</u>
Total operating expense	<u>68,855</u>	<u>77,196</u>	<u>146,051</u>
Operating income (loss)	<u>(39,217)</u>	<u>(14,957)</u>	<u>(54,174)</u>
Non-operating revenue (expense)			
Interest income	29	13	42
Forgiveness of amount due to other fund	104,903	-	104,903
Interest expense	<u>(1,446)</u>	<u>-</u>	<u>(1,446)</u>
Total non-operating revenue (expense)	<u>103,486</u>	<u>13</u>	<u>103,499</u>
Changes in net position	64,269	(14,944)	49,325
Net position, beginning of year	<u>378,552</u>	<u>480,587</u>	<u>859,139</u>
Net position, end of year	<u>\$ 442,821</u>	<u>\$ 465,643</u>	<u>\$ 908,464</u>

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

ST. JAMES TOWNSHIP

ENTERPRISE FUNDS STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	<u>Sewer</u>	<u>Municipal Dock</u>	<u>Total</u>
Cash flows from operating activities			
Receipts from customers and users	\$ 75,297	\$ 62,239	\$ 137,536
Payments to employees	(26,493)	(18,337)	(44,830)
Payments to suppliers	(28,381)	(18,645)	(47,026)
Net cash provided by (used in) operating activities	<u>20,423</u>	<u>25,257</u>	<u>45,680</u>
Cash flows from non-capital financing activities			
Payments made on advance from other funds	(31,770)	(17,500)	(49,270)
Loan (made to) received from other funds	1,066	9,350	10,416
Net cash provided by (used in) non-capital financing activities	<u>(30,704)</u>	<u>(8,150)</u>	<u>(38,854)</u>
Cash flows from capital and related financing activities			
Interest paid	(1,446)	-	(1,446)
Principal paid on long-term debt	(35,934)	-	(35,934)
Net cash provided by (used in) capital and related financing activities	<u>(37,380)</u>	<u>-</u>	<u>(37,380)</u>
Cash flows from investing activities			
Interest income	29	13	42
Net increase (decrease) in cash and cash equivalents	(47,632)	17,120	(30,512)
Cash and cash equivalents, beginning of year	<u>73,210</u>	<u>3,520</u>	<u>76,730</u>
Cash and cash equivalents, end of year	<u>\$ 25,578</u>	<u>\$ 20,640</u>	<u>\$ 46,218</u>
Cash flows from operating activities			
Operating income (loss)	\$ (39,217)	\$ (14,957)	\$ (54,174)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	16,269	40,387	56,656
Changes in operating assets and liabilities which provided (used) cash:			
Accounts receivable	45,659	-	45,659
Accounts payable	(1,500)	(173)	(1,673)
Accrued liabilities	(788)	-	(788)
Net cash provided by (used in) operating activities	<u>\$ 20,423</u>	<u>\$ 25,257</u>	<u>\$ 45,680</u>
Supplemental cash flows information			
Non-cash transaction:			
During the year, the amount of \$104,903 owed by the sewer fund was forgiven/written off by the general fund.			

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

ST. JAMES TOWNSHIP
AGENCY FUND
STATEMENT OF ASSETS AND LIABILITIES
MARCH 31, 2017

Assets

Cash and cash equivalents	\$ 52,061
---------------------------	-----------

Total assets	<u>\$ 52,061</u>
---------------------	-------------------------

Liabilities

Due to other governments	\$ 52,061
--------------------------	-----------

Total Liabilities	<u>\$ 52,061</u>
--------------------------	-------------------------

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

(This page left intentionally blank)

ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

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 municipal 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.

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, 2017

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, 2017

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 *EMS Fund* is used to account for the proceeds of a dedicated millage that is legally restricted for emergency medical services.

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

Additionally, the Township reports the following fund types:

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

The *Agency Fund* is used to account for the collection and disbursement of property taxes collected for and remitted to other governments.

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

Budgets and Budgetary Accounting

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

1. Prior to March 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all funds except agency funds.
5. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Adoption and amendments of all budgets used by the Township are governed by Public Act 621. The appropriations ordinances are based on the projected expenditures budget of the Township. Any amendment to the original budget must meet the requirements of Public Act 621. The Township amended its budget 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, 2017

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 and Township policy 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.

Advances Due to and Due from Other Funds

Advances receivable and payable are long-term borrowings between funds and are re-paid over several years as determined by the Township Board.

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.

ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

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 acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received.

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

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.

ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

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.

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, 2017, 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.

ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

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

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

During the year ended March 31, 2017, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
General government			
Supervisor	\$17,588	\$22,270	\$(4,682)
Board of review	1,000	1,277	(277)
Hall and grounds	22,229	25,226	(2,997)
Public restrooms	1,915	2,200	(285)
Public safety			
Sheriff services	-	2575	(2,575)
Recreation and culture			
Lighthouse	-	62	(62)
Parks	75,886	93,647	(17,761)
Other financing uses			
Forgiveness of amount due from other fund	-	104,903	(104,903)
Road Fund			
Public works	26,270	26,371	(101)
Fire Protection Fund			
Public safety	65,076	65,441	(365)

3. CASH AND CASH EQUIVALENTS

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

Governmental activities	\$678,313
Business-type activities	46,218
Fiduciary funds	<u>52,061</u>
	<u>\$776,592</u>

Cash and cash equivalents consist of amounts in various checking and savings accounts at March 31, 2017. These deposits are in financial institutions located in Michigan. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the Township and a specific fund or common account. They are recorded in Township records at fair value.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. As of year-end, \$529,570 of the Township's bank balance of \$779,570 was exposed to custodial credit risk because it was uninsured and uncollateralized.

ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance April 1, 2016	Additions	Deletions	Balance March 31, 2017
Governmental Activities				
Capital assets not being depreciated				
Land				
Solely owned	\$ 51,530	\$ -	\$ -	\$ 51,530
Jointly owned	316,510			316,510
Construction in progress				
Solely owned	41,435	-	-	41,435
Total capital assets not being depreciated	409,475			409,475
Capital assets being depreciated				
Land improvements				
Solely owned	33,808	-	-	33,808
Buildings and improvements				
Solely owned	208,529	-	-	208,529
Jointly owned				
Fire fund	172,130	-	-	172,130
Other Township buildings	301,088	-	-	301,088
Equipment and furniture				
Solely owned	133,847	-	-	133,847
Jointly owned				
Fire fund	275,235	-	-	275,235
Total capital assets being depreciated	1,124,637	-	-	1,124,637
Less accumulated depreciation	686,382	32,251	-	718,633
Net capital assets being depreciated	438,255	(32,251)	-	406,004
Governmental Activities capital assets, net	\$ 847,730	\$ (32,251)	\$ -	\$ 815,479
Business-type Activities				
Buildings and improvements				
Jointly owned	\$1,011,513	\$ -	\$ -	\$1,011,513
Sewer system				
Solely owned	693,279	-	-	693,279
Total capital assets	1,704,792	-	-	1,704,792
Less accumulated depreciation	644,255	56,656	-	700,911
Business-type Activities capital assets, net	\$1,060,537	\$(56,656)	\$ -	\$1,003,881

ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

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

Governmental Activities	
General government	\$ 9,967
Public safety	18,674
Culture and recreation	3,263
Public works	347
	<hr/>
Total depreciation expense, governmental activities	<u>\$32,251</u>
Business-type Activities	
Sewer	\$16,269
Municipal dock	40,387
	<hr/>
Total depreciation expense, business-type activities	<u>\$56,656</u>

5. LONG-TERM DEBT

The following is a summary of the debt activity of the Township for the year ended March 31, 2017.

	Balance April 1, 2016	Additions	Deletions	Balance March 31, 2017	Due Within One Year
Business-type Activities					
\$500,000 Special Assessment Unlimited Tax Bonds, payable in annual installments of \$30,000 through April 1, 2016, plus interest at 5.25%	\$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%	34,347	-	5,934	28,413	6,205
	<hr/>				
	\$64,347	\$ -	\$35,934	\$28,413	\$6,205

The annual requirements to amortize all debt outstanding as of March 31, 2017 are as follows:

Year Ended March 31	Business-type Activities	
	Principal	Interest
2018	\$6,205	\$1,175
2019	6,489	891
2020	6,786	594
2021	7,097	283
2022	1,836	21
	<hr/>	
Total	<u>\$28,413</u>	<u>\$2,964</u>

ST. JAMES TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

6. INTERFUND RECEIVABLES AND PAYABLES

Amounts due to and from other funds represent short-term loans between funds which consist of the following for the year ended March 31, 2017:

Receivable	Payable					Total
	General fund	Road Fund	Fire protection fund	Sewer Fund	Municipal dock fund	
General fund	\$ -	\$716	\$11,577	\$1,066	\$9,485	\$22,844
Road fund	-	-	-	-	-	-
Nonmajor funds	19,873	-	-	-	-	19,873
Total	\$19,873	\$716	\$11,577	\$1,066	\$9,485	\$42,717

Advances between funds represent long-term interfund loans payable through 2021 in varying amounts. Advances consist of the following at March 31, 2017:

Receivable	Payable		Total
	Sewer fund	Municipal dock fund	
General fund	\$ -	\$41,500	\$ 41,500
Road fund	65,000	-	65,000
Total	\$65,000	\$41,500	\$106,500

7. SUBSEQUENT EVENT

Subsequent to year end, the Township elected to transfer the Fire Department operations and assets to the Emergency Services Authority. The Fire Department operations will no longer be administered by the Township.

8. PRIOR PERIOD ADJUSTMENT

Beginning net position of governmental activities and beginning fund balance of the general fund were increased by \$7,000 to reclassify a payment made in a previous year against a liability account.

Beginning net position of governmental activities and beginning fund balance of the general fund were increased by \$4,226 to record beginning of year receivable for state shared revenue.

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, 2017

	Budget Amounts		Actual	Variance
	Original	Final	Amount	Positive (Negative)
Revenues				
Property taxes	\$ 263,675	\$ 226,532	\$ 201,236	\$ (25,296)
Intergovernmental revenues				
State	32,000	28,017	29,774	1,757
Local	41,000	41,000	20,801	(20,199)
Fees and service charges	42,300	41,525	70,165	28,640
Interest	-	-	71	71
Miscellaneous	11,000	120,503	43,846	(76,657)
Total revenues	<u>389,975</u>	<u>457,577</u>	<u>365,893</u>	<u>(91,684)</u>
Expenditures				
Current				
Legislative	81,608	163,979	113,431	50,548
General government	124,914	183,868	116,452	67,416
Public safety	13,900	11,268	13,475	(2,207)
Recreation and culture	91,350	75,886	93,709	(17,823)
Total expenditures	<u>311,772</u>	<u>435,001</u>	<u>337,067</u>	<u>97,934</u>
Revenues over (under) expenditures	78,203	22,576	28,826	6,250
Other financing sources (uses)				
Forgiveness of amount due from other fund	-	-	(104,903)	(104,903)
Net changes in fund balance	78,203	22,576	(76,077)	(98,653)
Fund balance, beginning of year, as restated	<u>370,136</u>	<u>370,136</u>	<u>370,136</u>	<u>-</u>
Fund balance, end of year	<u>\$ 448,339</u>	<u>\$ 392,712</u>	<u>\$ 294,059</u>	<u>\$ (98,653)</u>

ST. JAMES TOWNSHIP

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

FOR THE YEAR ENDED MARCH 31, 2017

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 105,908	\$ 105,000	\$ 96,872	\$ (8,128)
Interest	80	80	102	22
Total Revenues	105,988	105,080	96,974	(8,106)
Expenditures				
Current				
Public Works				
Roads	256,000	26,270	26,371	(101)
Revenues over (under) expenditures	(150,012)	78,810	70,603	(8,207)
Other financing sources				
Transfers in	46,770	31,770	-	(31,770)
Net changes in fund balance	(103,242)	110,580	70,603	(39,977)
Fund balance, beginning of year	294,331	294,331	294,331	-
Fund balance, end of year	<u>\$ 191,089</u>	<u>\$ 404,911</u>	<u>\$ 364,934</u>	<u>\$ (39,977)</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, 2017

	Budget Amounts		Actual	Variance
	Original	Final	Amount	Positive (Negative)
Revenues				
Property taxes	\$ 119,452	\$ 99,659	\$ 46,610	\$ (53,049)
Intergovernmental revenue				
Local	-	-	65,406	65,406
Donations	2,000	2,590	2,590	-
Interest	100	37	51	14
Total Revenues	<u>121,552</u>	<u>102,286</u>	<u>114,657</u>	<u>12,371</u>
Expenditures				
Current				
Public Safety				
Fire department	73,800	65,076	65,441	(365)
Capital outlay	<u>3,000</u>	<u>2,930</u>	<u>2,298</u>	<u>632</u>
Total expenditures	<u>76,800</u>	<u>68,006</u>	<u>67,739</u>	<u>267</u>
Net changes in fund balance	44,752	34,280	46,918	12,638
Fund balance, beginning of year	<u>114,330</u>	<u>114,330</u>	<u>114,330</u>	<u>-</u>
Fund balance, end of year	<u>\$ 159,082</u>	<u>\$ 148,610</u>	<u>\$ 161,248</u>	<u>\$ 12,638</u>

(This page left intentionally blank)

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

ST. JAMES TOWNSHIP

GENERAL FUND SCHEDULE OF REVENUES BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2017

	Budget Amounts		Actual Amount	Variance Positive Negative
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 263,675	\$ 226,532	\$ 201,236	\$ (25,296)
Intergovernmental revenues				
State shared revenues	32,000	28,017	28,983	966
Other state revenues	-	-	791	791
Peaine Township reimbursements	41,000	41,000	20,801	(20,199)
Total intergovernmental revenues	73,000	69,017	50,575	(18,442)
Fees and service charges				
Tax collection	-	-	25,497	25,497
Building and zoning	3,000	2,462	1,200	(1,262)
Camping fees	-	-	1,262	1,262
Rental	39,300	39,063	42,206	3,143
Total fees and service charges	42,300	41,525	70,165	28,640
Interest	-	-	71	71
Other revenue				
Miscellaneous	11,000	120,503	43,846	(76,657)
Total Revenues	\$ 389,975	\$ 457,577	\$ 365,893	\$ (91,684)

ST. JAMES TOWNSHIP

GENERAL FUND SCHEDULE OF EXPENDITURES BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2017

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Current				
Legislative				
Board	\$ 81,608	\$ 163,979	\$ 113,431	\$ 50,548
General government				
Supervisor	16,867	17,588	22,270	(4,682)
Elections and registration	3,000	2,552	2,552	-
Clerk	36,852	58,865	24,577	34,288
Board of review	2,000	1,000	1,277	(277)
Assessor	17,000	17,337	15,220	2,117
Treasurer	17,295	61,057	21,805	39,252
Hall and grounds	27,500	22,229	25,226	(2,997)
Public restrooms	3,500	1,915	2,200	(285)
Cemetery	900	1,325	1,325	-
Total general government	124,914	183,868	116,452	67,416
Public Safety				
Sheriff services	4,800	-	2,575	(2,575)
Ambulance services	-	3,018	3,018	-
Zoning and planning	9,100	8,250	7,882	368
Total public safety	13,900	11,268	13,475	(2,207)
Recreation and culture				
Lighthouse	-	-	62	(62)
Parks	91,350	75,886	93,647	(17,761)
Total recreation and culture	91,350	75,886	93,709	(17,823)
Total expenditures	\$ 311,772	\$ 435,001	\$ 337,067	\$ 97,934

ST. JAMES TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2017

	Special Revenue Funds					
	<u>Airport</u>	<u>Waste Management</u>	<u>Medical Center</u>	<u>Historical Society</u>	<u>Liquor Control</u>	<u>Total</u>
Assets						
Accounts receivable	\$ 3,675	\$ 2,565	\$ 6,064	\$ 918	\$ -	\$ 13,222
Due from other funds	-	-	-	-	19,873	19,873
Total assets	<u>\$ 3,675</u>	<u>\$ 2,565</u>	<u>\$ 6,064</u>	<u>\$ 918</u>	<u>\$ 19,873</u>	<u>\$ 33,095</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 3,675	\$ 2,565	\$ 6,064	\$ 918	\$ -	\$ 13,222
Fund balances						
Restricted						
Public safety	-	-	-	-	19,873	19,873
Total liabilities and fund balances	<u>\$ 3,675</u>	<u>\$ 2,565</u>	<u>\$ 6,064</u>	<u>\$ 918</u>	<u>\$ 19,873</u>	<u>\$ 33,095</u>

ST. JAMES TOWNSHIP

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

FOR THE YEAR ENDED MARCH 31, 2017

	Special Revenue Funds					
	<u>Airport</u>	<u>Waste Management</u>	<u>Medical Center</u>	<u>Historical Society</u>	<u>Liquor Control</u>	<u>Total</u>
Revenues						
Taxes	\$ 48,047	\$ 33,541	\$ 79,277	\$ 12,011	\$ -	\$ 172,876
Intergovernmental revenues						
State	-	-	-	-	1,911	1,911
Total revenues	<u>48,047</u>	<u>33,541</u>	<u>79,277</u>	<u>12,011</u>	<u>1,911</u>	<u>174,787</u>
Expenditures						
Current						
Health and Welfare	-	-	79,277	-	-	79,277
Public works	48,047	33,541	-	-	-	81,588
Recreation and culture	-	-	-	12,011	-	12,011
Total expenditures	<u>48,047</u>	<u>33,541</u>	<u>79,277</u>	<u>12,011</u>	<u>-</u>	<u>172,876</u>
Net changes in fund balances	-	-	-	-	1,911	1,911
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,962</u>	<u>17,962</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,873</u>	<u>\$ 19,873</u>