

VILLAGE OF ST. CHARLES

COMPONENT UNITS STATEMENT OF NET POSITION March 31, 2019

	<i>Downtown Development Authority</i>	<i>Local Development Finance Authority</i>	<i>Total</i>
Assets:			
Cash and cash equivalents	\$ 280,602	\$ -	\$ 280,602
Receivables	25,326	-	25,326
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	<u>101,261</u>	<u>-</u>	<u>101,261</u>
Total assets	<u>407,189</u>	<u>-</u>	<u>407,189</u>
Liabilities:			
Accounts payable and accrued expenses	<u>1,504</u>	<u>-</u>	<u>1,504</u>
Net position:			
Investment in capital assets	101,261	-	101,261
Unrestricted	<u>304,424</u>	<u>-</u>	<u>304,424</u>
Total net position	<u>\$ 405,685</u>	<u>\$ -</u>	<u>\$ 405,685</u>

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

VILLAGE OF ST. CHARLES

COMPONENT UNITS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Year Ended March 31, 2019

	<i>Downtown Development Authority</i>	<i>Local Development Finance Authority</i>	<i>Total</i>
Revenues:			
Program revenues			
Charges for services	\$ 30,232	\$ 13,460	\$ 43,692
General revenues			
Property taxes captured	94,579	40,127	134,706
Unrestricted investment earnings	2,271	1,091	3,362
Other	490	-	490
Total revenues	127,572	54,678	182,250
Expenses:			
Community and economic development	73,648	29,931	103,579
Net revenues (expenses)	53,924	24,747	78,671
Special items:			
Transfer of LDFA assets to Village:			
Net capital assets	-	(754,961)	(754,961)
Cash	-	(21,041)	(21,041)
Total special items	-	(776,002)	(776,002)
Changes in net position	53,924	(751,255)	(697,331)
Net position, beginning of year	351,761	751,255	1,103,016
Net position, end of year	\$ 405,685	\$ -	\$ 405,685

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements were prepared in accordance with the accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, equity, revenues, expenses, and certain disclosures of cash flows. Management's estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances.

Management's estimates are subject to change as more information becomes available. Changes in estimates are recorded in the period in which they become known.

NOTES TO FINANCIAL STATEMENTS

Financial statements are prepared on the accrual basis of accounting. All assets and liabilities are recorded at their fair value.

Revenue Recognition

Revenue is recognized when the performance obligation is satisfied. The amount of revenue recognized is the amount of consideration received or receivable, net of discounts, allowances, and other adjustments.

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Expenses

Expenses are recognized when the performance obligation is satisfied. The amount of expense recognized is the amount of consideration received or receivable, net of discounts, allowances, and other adjustments.

Assets and Liabilities

Assets and liabilities are recorded at their fair value. Fair value is the amount that would be received from the sale of an asset or the settlement of a liability in an orderly transaction between market participants at the measurement date.

VILLAGE OF ST. CHARLES

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used by the Village of St. Charles, (the "Village"):

Reporting Entity:

The Village of St. Charles was incorporated in 1869. The Village operates on a Council-Manager form of government and provides the following services to approximately 2,100 citizens as authorized by its charter: Public Safety (Police), highways and streets, sanitation, sewer and water, recreation and culture, public improvements, planning and zoning, and general administration.

The accompanying financial statements present the Village as the primary government. Component units are separate legal entities for which the Village is financially accountable. Blended component units are, in substance, part of the primary government's operations, and presented as funds of the primary government. Discretely presented component units are reported in separate columns in the government-wide financial statements. The Village has determined that it has two component units and that they should be discretely presented.

Discretely Presented Component Units:

Downtown Development Authority – The members of the governing board of the Downtown Development Authority (DDA) are appointed by the Village Council. The issuance of bonded debt and levying of taxes by the DDA must be approved by the Village Council. The Village also has the ability to significantly influence operations of the DDA.

Local Development Finance Authority – The members of the governing board of the Local Development Finance Authority (LDFA) are appointed by the Village Council. The issuance of bonded debt and levying of taxes by the LDFA must be approved by the Village Council. The Village also has the ability to significantly influence operations of the LDFA. In December 2018, the Council passed a resolution to dissolve the Local Development Finance Authority and assign its assets to the Village.

Joint Venture:

Swan Creek Township, James Township, and Village of St. Charles Water Authority – In 2001, the Townships of Swan Creek and James and the Village of St. Charles jointly established this Water Authority. Each of the three municipalities appoints two members to serve on the Water Authority Board. The operating and capital budgets are funded by equal contributions from each governmental unit. The Village's equity interest of \$123,374 is 1/3 of the net position of the Water Authority at March 31, 2019. Complete financial statements for the Water Authority can be obtained from the Village Office at 110 W. Spruce Street, St. Charles, Michigan.

Jointly Governed Organization:

Mid Michigan Waste Authority – The Village is a member of and receives trash collection services from Mid Michigan Waste Authority. The Authority was created in 1991 by twelve municipal corporations within Saginaw County under the provisions of Act 233, Public Acts of Michigan, 1995 as amended, for the purpose of acquiring, owning, improving, enlarging, extending and operating a solid waste management system. The Village does not have any equity interest in the Waste Authority. The cost of trash collection services for the year ended March 31, 2019 was \$118,585.