

1. Accounting Policies

(a) Balance Sheet

The balance sheet reflects the combined assets and liabilities of the revenue fund, capital fund, reserve funds, the Public Library Board, and the Recreation Committee. Certain assets and liabilities are not reflected as described in (b) and (c) of this note.

(b) Fixed Assets

No value is attached to fixed assets for municipal reporting purposes. Expenditures on fixed assets are charged against current revenues unless the expenditures are financed out of long-term debt. Debt retirement costs are charged against current revenues in the periods in which they are paid.

(c) Charges for Net Long-Term Liabilities

Charges for net long-term liabilities include principal and interest. Interest charges are not accrued for the periods from the dates of the latest interest payments to the end of the fiscal year.

2. Charges in Accounting Policies

In prior years only the net municipal contribution to the Public Library Board and the Recreation Committee operations were included in expenditures of the Township. For 1975, the total revenues and expenditures of these services have been consolidated in the attached statement of revenue and expenditure of the Township.

Also, in prior years only the net amount due to or from these entities were included on the municipal balance sheet. For 1975, the details of the assets and liabilities of these services have been consolidated on the balance sheet.

The 1974 figures in the attached statements have been restated to give effect to these changes.

3. Changes in Accounting Principles

The accumulated net revenue at the beginning of the year on the statement of revenue and expenditure has been restated to give effect to the inclusion of the over or underlevies for school board purposes and the accumulated net revenue (deficit) of local boards which are now consolidated. The effect on the accumulated net revenue at the beginning of the year has been an aggregate increase of \$6,816 over that reported in the 1974 financial report, as follows:

Balance December 31, 1974, as previously reported	\$11,524
Adjustments for:	
School boards overlevies	\$6,889
Public Library Board deficit	<u>(73)</u>
Balance December 31, 1974 as restated	<u>\$18,340</u>

4. Charges for Net Long-Term Liabilities

Total charges on long-term liabilities incurred by the municipality

\$64,089

Of the charges for long-term liabilities incurred, the Board of Education has assumed the responsibility for principal and interest charges of

59,707

Charges for net long-term liabilities

\$ 4,382

Principal payments

\$ 1,104

Interest payments

3,278

\$ 4,382

Of the amount of \$4,382 shown above, \$2,529 was paid from the special area account and is included in expenditure classified under environmental services. The balance of \$1,753 was recovered from the waterworks operating account.

5. Contributions To Reserve Funds

The revenue of the year of reserve funds include a contribution from the revenue fund of \$3,000 which is included in the statement of revenue and expenditure classified under fire protection, and interest income of \$8,516 which was credited directly to the appropriate funds.

6. Net Long-Term Liabilities

Total long-term liabilities incurred by the municipality and outstanding at the end of the year amount to

\$501,321

Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by the Lake Superior Board of Education for a principal amount of

456,000

Net long-term liabilities at the end of the year

\$ 35,321

7. Capital Outlay To Be Recovered in Future Years

The capital outlay to be recovered in future years does not represent a burden on general municipal revenues, as it is to be recovered in future years from other sources as follows:

Special area for sewer works	\$21,193
Municipal enterprises - waterworks	<u>14,128</u>

\$35,321

8. Special Area

The Township acquired the street lighting system from the municipal electrical utility in 1975 at a nominal amount. The payment made in this connection by the Township has subsequently been determined to be \$4,406 in excess of the amount actually required. Consequently, the Township's special area expenditure on street lighting for the year is overstated by this amount of \$4,406, and the accumulated net revenue at the end of the year for the special area is understated by a like amount. This will be adjusted in 1976.