

BIRCH RUN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2005

NOTE 14: FUND EQUITY

Specific reservations of fund equity include:

Reserved for prepaid expenditures – This reserve was created to indicate that the portion of fund balance represented by prepaid expenditures is not available for appropriation.

NOTE 15: DOWNTOWN DEVELOPMENT AUTHORITY AGREEMENTS

To the extent that future DDA captured tax revenues are available, the Township DDA has made agreements to be obligated to the Township Sewer Fund for repayment of the following debts:

1. \$575,000 Sanitary Sewer System Improvement Bonds issued by Saginaw County December 5, 1996. The balance due on these bonds at March 31, 2005 is \$360,000.
2. Contract Payable to Birch Run Village for 28.35% of the past and future payments due on the 1992, \$1.4 million, Village Sanitary Sewer System Bonds payable through Genesee County. These bonds were refunded in 2003. The balance due on these bonds at March 31, 2005 was \$204,120.
3. \$75,000 of the \$175,000 Sewer System Improvement Bonds issued by Saginaw County in May, 1997. The March 31, 2004 total balance of these bonds is \$135,000.
4. A pro-rata portion of the \$300,000 Judgment Bonds Payable. The amount is to be determined annually based on the DDA's use of the Township's sewer engineering plans.

During the year ended March 31, 2005 the Downtown Development Authority transferred \$95,870 to the Water and Sewer Fund in connection with these agreements.

NOTE 16: PRIOR PERIOD ADJUSTMENTS

Accounting Change:

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments* (Statement). The Township is required to implement the new requirements for the year ended March 31, 2005. The significant changes to the financial statements as a result of the Statement are as follows:

For the first time, the financial statements will include:

- Government-wide financial statements prepared using full accrual accounting for all of the Township's activities.
- Fund financial statements, consisting of a series of statements that focus on a government's major governmental and enterprise funds.

BIRCH RUN TOWNSHIP

DOWNTOWN DEVELOPMENT AUTHORITY FUND
BUDGETARY COMPARISON SCHEDULE
 Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
Revenues:				
Property taxes	\$ 83,000	\$ 83,000	\$ 83,296	\$ 296
Interest	300	300	368	68
Total revenues	<u>83,300</u>	<u>83,300</u>	<u>83,664</u>	<u>364</u>
Expenditures:				
Current				
Community and economic development	6,000	6,000	5,743	(257)
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>5,743</u>	<u>(257)</u>
Excess (deficiency) of revenues over expenditures	77,300	77,300	77,921	621
Other financing sources (uses):				
Transfers out	(95,870)	(95,870)	(95,870)	-
Total other financing sources (uses)	<u>(95,870)</u>	<u>(95,870)</u>	<u>(95,870)</u>	<u>-</u>
Net change in fund balance	(18,570)	(18,570)	(17,949)	621
Fund balance, beginning of year	93,840	93,840	93,840	-
Fund balance, end of year	<u>\$ 75,270</u>	<u>\$ 75,270</u>	<u>\$ 75,891</u>	<u>\$ 621</u>