

Birch Run Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2013

**NOTE H: ADDITIONAL PURCHASED CAPACITY**

The Township entered in to a contract with the Genesee Sewer System for the right to treat up to 30 million gallons of sewage monthly. There is no expiration of this right and the Township did not acquire any tangible property. The contract agreement cost was \$681,146. During the year ended March 31, 1991, the Township sold 50% of this right to the Village of Birch Run for \$340,573. The unamortized balance of \$340,573 is carried as an other asset of the Sewer System Fund. The Township has not yet exercised its rights in connection with this contract.

**NOTE I: 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.

The Township manages its workers compensation risk by purchasing commercial insurance through the Accident Fund. The Township also participates in a pool, the Michigan Township Participating Plan, with other municipalities for various risks of loss including property liability, wrongful acts liability, auto liability, crime liability, in-land marine liability, and bonding liability. The pool is organized under Public Act 138 of 1982, as amended. The Township has no liability for additional assessments based on the claims filed against the pool, nor do they have rights to dividends.

**NOTE J: 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, 2013, is \$120,000.
2. \$75,000 of the \$175,000 Sewer System Improvement Bonds issued by Saginaw County in May 1997. The March 31, 2013, total balance of these bonds is \$55,000.

During the year ended March 31, 2013, the Downtown Development Authority transferred funds of \$124,343 to the Sewer System Fund in connection with these agreements.

**NOTE K: STATE CONSTRUCTION CODE ACT**

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus generated since January 1, 2000, is as follows:

Cumulative surplus at April 1, 2012	\$ 27,205
Current year building permit revenue	31,182
Related expenditures	
Direct costs	<u>(20,225)</u>
Cumulative surplus at March 31, 2013	<u>\$ 38,162</u>

Birch Run Township

Component Unit Fund

BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY (DDA)

March 31, 2013

ASSETS	
Cash and cash equivalents	\$ 289,668
Taxes receivable	<u>2,668</u>
TOTAL ASSETS	<u>\$ 292,336</u>
LIABILITIES	
Accounts payable	\$ 29,441
Due to other governmental units	<u>73,289</u>
TOTAL LIABILITIES	102,730
FUND BALANCE	
Unassigned	<u>189,606</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 292,336</u>

NOTE: Reconciliation of the governmental fund balance sheet to the statement of net position for the component unit is not required as the fund balance was equal to the net position as of March 31, 2013.

Birch Run Township

Component Unit Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
DOWNTOWN DEVELOPMENT AUTHORITY (DDA)

Year Ended March 31, 2013

REVENUES	
Taxes	\$ 99,194
Interest	399
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TOTAL REVENUES	99,593
EXPENDITURES	
Current	
Community and economic development	189,649
Capital outlay	30,849
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TOTAL EXPENDITURES	220,498
NET CHANGE IN FUND BALANCE	(120,905)
Fund balance, beginning of year	<hr/> 310,511
Fund balance, end of year	<hr/> <hr/> \$ 189,606

NOTE: Reconciliation of the statement of revenues, expenditures, and changes in fund balance to the statement of activities for the component unit is not required as the net change in fund balance was equal to the change in net position for the year ended March 31, 2013.