

BIRCH RUN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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NOTE 8--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 9--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 10--DOWNTOWN DEVELOPMENT AUTHORITY AGREEMENTS

To the extent that future DDA captured tax revenues are available, the Township DDA has agreed to contribute toward the financing of the construction of the water tower and the related water system improvements in the amount of \$18,000 per year for the term of the water project financing.

NOTE 11--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, 2016	\$	75,531
Current year building permit revenue		9,855
Related expenditures		
Direct costs		(17,858)
Cumulative surplus at March 31, 2017	\$	<u>67,528</u>

Birch Run Township  
 Component Unit -Downtown Development Authority  
 Statement of Net Assets and DDA and Balance  
 March 31, 2017

	<u>DDA Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 252,320	\$ -	\$ 252,320
Taxes receivable	3,257	-	3,257
Total Assets	255,577	-	255,577
<u>Liabilities</u>			
Accounts payable	3,328	-	3,328
Total Liabilities	3,328	-	3,328
<u>Fund Balance</u>			
Unassigned	252,249	(252,249)	-
Total Liabilities and Fund Balance	\$ 255,577	(252,249)	-
<u>Net Assets</u>			
Unrestricted		\$ 252,249	\$ 252,249

Birch Run Township  
 Component Unit-Downtown Development Authority  
 Statement of Activities and Revenues, Expenditures,  
 and Changes in Fund Balance  
 For the Year Ended March 31, 2017

	DDA Fund	Adjustments	Statement Of Activities
<b>Revenues</b>			
Taxes	\$ 148,482	\$ -	\$ 148,482
Interest	120	-	120
Total Revenues	<u>148,602</u>	<u>-</u>	<u>148,602</u>
<b>Expenditures</b>			
Community and economic development	<u>52,804</u>	<u>(3,025)</u>	<u>49,779</u>
Total Expenditures	<u>52,804</u>	<u>(3,025)</u>	<u>49,779</u>
Excess (Deficiency) of Revenues over Expenditures	95,798	3,025	98,823
<b>Other Financing Sources (Uses)</b>			
Transfer (out)	<u>(18,000)</u>	-	<u>(18,000)</u>
Total Other Financing Sources (Uses)	<u>(18,000)</u>	<u>-</u>	<u>(18,000)</u>
Net Change in Fund Balance/ Net assets	77,798	3,025	80,823
Fund Balance/Net Assets, Beginning	<u>174,451</u>		<u>171,426</u>
Fund Balance/Net Assets, Ending	<u>\$ 252,249</u>		<u>\$ 252,249</u>