

BIRCH RUN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

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, 2017	\$	67,528
Current year building permit revenue		89,522
Related expenditures		
Direct costs		(33,878)
Cumulative surplus at March 31, 2018	\$	<u>123,172</u>

Birch Run Township
 Component Unit -Downtown Development Authority
 Statement of Net Assets and DDA and Balance
 March 31, 2018

<u>Assets</u>	<u>DDA Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash and cash equivalents	\$ 303,602	\$ -	\$ 303,602
Taxes receivable	2,349	-	2,349
Total Assets	305,951	-	305,951
<u>Liabilities</u>			
Accounts payable	\$ 3,498	-	3,498
Due to other governments	3,816	-	3,816
Total Liabilities	7,314	-	7,314
<u>Fund Balance</u>			
Unassigned	298,637	(298,637)	-
Total Liabilities and Fund Balance	\$ 305,951	(298,637)	-
<u>Net Position</u>			
Unrestricted		\$ 298,637	\$ 298,637

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, 2018

	DDA Fund	Adjustments	Statement Of Activities
Revenues			
Taxes	\$ 145,366	\$ -	\$ 145,366
Interest	180	-	180
Total Revenues	<u>145,546</u>	<u>-</u>	<u>145,546</u>
Expenditures			
Community and economic development	99,158	-	99,158
Total Expenditures	<u>99,158</u>	<u>-</u>	<u>99,158</u>
Excess (Deficiency) of Revenues over Expenditures	46,388	-	46,388
Fund Balance/Net Position, Beginning	<u>252,249</u>		<u>252,249</u>
Fund Balance/Net Position, Ending	<u>\$ 298,637</u>		<u>\$ 298,637</u>