

Birch Run Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

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, liability and property risk by purchasing commercial insurance through the Accident Fund. The Accident Fund provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risk through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three (3) fiscal years.

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, 2012 is \$150,000.
2. \$75,000 of the \$175,000 Sewer System Improvement Bonds issued by Saginaw County in May 1997. The March 31, 2012 total balance of these bonds is \$65,000.

During the year ended March 31, 2012 the Downtown Development Authority did not transfer funds to the Sewer 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, 2011	\$ 23,671
Current year building permit revenue	23,421
Related expenditures	
Direct costs	<u>(19,887)</u>
Cumulative surplus at March 31, 2012	<u>\$ 27,205</u>

Birch Run Township

Component Unit Fund

BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY (DDA)

March 31, 2012

ASSETS

Cash and cash equivalents	\$ 283,448
Taxes receivable	2,542
Due from other governmental units	<u>27,281</u>

TOTAL ASSETS \$ 313,271

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 2,760
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FUND BALANCE

Assigned for subsequent expenditures	850
Unassigned	<u>309,661</u>

TOTAL FUND BALANCE 310,511

TOTAL LIABILITIES AND FUND BALANCE \$ 313,271

NOTE: Reconciliation of the governmental fund balance sheet to the statement of net assets for the component unit is not required as the fund balance was equal to the net assets as of March 31, 2012.

Birch Run Township

Component Unit Fund

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

Year Ended March 31, 2012

REVENUES	
Taxes	\$ 164,120
Interest	<u>627</u>
TOTAL REVENUES	164,747
EXPENDITURES	
Current	
Community and economic development	<u>53,965</u>
NET CHANGE IN FUND BALANCE	110,782
Fund balance, beginning of year	<u>199,729</u>
Fund balance, end of year	<u><u>\$ 310,511</u></u>

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 assets for the year ended March 31, 2012.