

BIRCH RUN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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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--DETAILS OF FUND BALANCE CLASSIFICATIONS

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five (5) classifications of fund balances under this standard:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

**Birch Run Township**  
**Component Unit-Downtown Development Authority**  
**Statement of Net Position and Balance Sheet**  
**March 31, 2021**

<u>Assets</u>	<u>DDA Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash and cash equivalents	\$ 413,826	\$ -	\$ 413,826
Taxes receivable	5,728	-	5,728
Total Assets	419,554	-	419,554
<u>Liabilities</u>			
Accounts payable	\$ 3,920	-	3,920
Total Liabilities	3,920	-	3,920
<u>Fund Balance</u>			
Unassigned	415,634	(415,634)	-
Total Liabilities and Fund Balance	\$ 419,554	(415,634)	3,920
<u>Net Position</u>			
Unrestricted		\$ 415,634	\$ 415,634

**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, 2021**

	DDA Fund	Adjustments	Statement Of Activities
Revenues			
Taxes	\$ 199,878	\$ -	\$ 199,878
Interest	55	-	55
Other	-	-	-
Total Revenues	199,933	-	199,933
Expenditures			
Community and economic development	243,234	-	243,234
Total Expenditures	243,234	-	243,234
Excess (Deficiency) of Revenues over Expenditures	(43,301)	-	(43,301)
Fund Balance/Net Position, Beginning	458,935		458,935
Fund Balance/Net Position, Ending	\$ 415,634		\$ 415,634