

BIRCH RUN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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**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.

**Unassigned** - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the general fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter in which fund the deficit occurs.

**Fund Balance Classification Policies and Procedures**

For committed fund balance, the Township's highest level of decision-making authority is the Township Board. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a Board resolution.

For assigned fund balance, the Township has not approved a policy indicating who is authorized to assign amounts to a specific purpose, therefore the authority for assigning fund balance remains with the Township Board.

Birch Run Township  
 Component Unit-Downtown Development Authority  
 Statement of Net Position and Balance Sheet  
 March 31, 2023

<u>Assets</u>	<u>DDA Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash and cash equivalents	\$ 616,278	\$ -	\$ 616,278
Taxes receivable	16,045	-	16,045
Total Assets	632,323	-	632,323
<u>Liabilities</u>			
Accounts payable	\$ 6,542	-	6,542
Total Liabilities	6,542	-	6,542
<u>Fund Balance</u>			
Unassigned	625,781	(625,781)	-
Total Liabilities and Fund Balance	\$ 632,323	(625,781)	6,542
<u>Net Position</u>			
Unrestricted		\$ 625,781	\$ 625,781

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, 2023

	DDA Fund	Adjustments	Statement Of Activities
Revenues			
Taxes	\$ 254,792	\$ -	\$ 254,792
Interest	1,346	-	1,346
Other revenue	127	-	127
Total Revenues	256,265	-	256,265
Expenditures			
Community and economic development	83,655	-	83,655
Total Expenditures	83,655	-	83,655
Excess (Deficiency) of Revenues over Expenditures	172,610	-	172,610
Fund Balance/Net Position, Beginning	453,171		453,171
Fund Balance/Net Position, Ending	\$ 625,781		\$ 625,781