

**TOWNSHIP OF BRUCE  
MACOMB COUNTY, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS**  
**(with required and other supplementary information)**

**YEAR ENDED MARCH 31, 2019**

To the Board of Trustees  
Township of Bruce  
Macomb County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Bruce (the Township) for the year ended March 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 4, 2019. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 to the financial statements. As described in Note 15 to the financial statements, the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements of the governmental activities were:

- Management's calculation of the percentages for current and noncurrent compensated absence payments is based on the historical trend of employees' use of compensated absences.
- Management's estimate of the net other post-employment benefit obligation is calculated through the actuarial measurement method of calculation based upon certain economic assumptions.
- The Township's investments in joint ventures are based on the most recent and available financial statements for the Romeo, Washington, Bruce Parks and Recreation Commission and the Washington and Bruce Senior Transportation through Advanced Reservation Commission. The most recent and available financial statements for these entities are as of and for the year ended March 31, 2019.

The most sensitive estimate affecting the financial statements of the governmental activities, business-type activities, Sewer System Fund, and Water System Fund was:

- Management's calculation of depreciation expense for the current period is based on an estimate of the useful lives of the capital assets.

The most sensitive estimate affecting the financial statements of the governmental activities and the Advanced Life Support Fund was:

- Management's calculation of ambulance revenue and receivable for the current period is based on the current period collections from the prior month.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 23, 2019.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison schedules, and the schedules for other post-employment benefits, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining nonmajor and fiduciary fund financial statements, which accompany the financial statements, but are not RSI. With respect to the other supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

#### Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of the Township of Bruce and is not intended to be, and should not be, used by anyone other than these specified parties.

*Mane Costeian PC*

September 23, 2019

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS

To the Board of Trustees  
Township of Bruce  
Macomb County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of Bruce (the Township) as of and for the year ended March 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instances of noncompliance:

#### FUND EQUITY DEFICITS

At the end of the fiscal year, the Special Assessment District Fund reported a fund balance deficit and the Sewer System Fund reported a deficit unrestricted net position. The same issue was reported in the prior year audit. Michigan Public Act 140 of 1971 provides that a Township ending its fiscal year with funds in a deficit condition shall formulate a deficit elimination plan. The Township submitted an original deficit elimination plan for the Special Assessment District Fund to the Michigan Department of Treasury subsequent to the end of the 2018 fiscal year. The Township is required to update the plan on an annual basis until the deficit is eliminated.

We recommend the Township update the Special Assessment District Fund deficit elimination plan. We also recommend the Township utilize budgetary controls to limit expenditures and/or transfer funds as needed to alleviate deficits.

#### UNFAVORABLE BUDGET VARIANCES

Expenditures for activities in the General Fund and Fire Fund exceeded the amounts appropriated. The unfavorable budget variances were considered material to the financial statements.

The Michigan Public Act 621 of 1978, as amended, provides that the Township adopt a formal budget for all applicable General and Special Revenue Funds, and shall not incur expenditures in excess of the amounts appropriated. Also, the Public Act requires amendments to be performed prior to incurring additional expenditures.

We recommend the Township monitor expenditures against adopted budgets and make appropriate budget amendments as needed.

This communication is intended solely for the information and use of management and the Board of Trustees of the Township of Bruce, others within the Township, and the applicable departments of the State of Michigan and is not intended to be, and should not be, used by anyone other than these specified parties.

*Maney Costeison PC*

September 23, 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Township of Bruce  
Macomb County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Bruce, Michigan (the Township), as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Romeo, Washington, Bruce Parks and Recreation Commission or the Washington and Bruce Senior Transportation through Advanced Reservation Commission, which represent 14%, 18%, and 1%, respectively, of the assets, net position, and revenues of the governmental activities. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for governmental activities, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Bruce as of March 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter - Change in Accounting Principles***

As discussed in Note 15 to the financial statements, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, during the year. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and the schedules for other post-employment benefits, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining nonmajor and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor and fiduciary fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the combining nonmajor and fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Maney Costain PC*

September 23, 2019

**TOWNSHIP OF BRUCE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2019**

**Financial Reporting**

This discussion and analysis of the Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2019. Please read it in conjunction with the Township's financial statements.

**Financial Highlights**

As discussed in further detail in this analysis, the following represents the most significant financial issues for the year ended March 31, 2019:

- The Township's net position in the governmental activities decreased by \$400,017 during the 2018-2019 fiscal year.
- Charges for services in the governmental activities increased by \$110,492 during the 2018-2019 fiscal year.
- The Township's net position in the business-type activities decreased by \$96,366 during the 2018-2019 fiscal year.

**Using this Annual Report**

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The statement of net position and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

**Fund Financial Statements.** The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of the Township in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**TOWNSHIP OF BRUCE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2019**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Fire, and Advanced Life Support funds, all of which are considered to be major funds. The Improvement Revolving and Special Assessment District funds are nonmajor governmental funds and are detailed in the Nonmajor Governmental Funds Combining Balance Sheet in the Other Supplementary Information section of the audit report.

The Township adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and each major Special Revenue Fund to demonstrate compliance with this budget.

***Proprietary Funds.*** The Township maintains two proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses Enterprise Funds to account for its sewer system and water system activity.

***Fiduciary Funds.*** Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-44 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, such as this Management's Discussion and Analysis and the budgetary comparison schedules. Combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information.

**TOWNSHIP OF BRUCE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2019**

**The Township as a Whole**

The following table shows, in a condensed format, a comparative analysis of the net position as of March 31, 2019 and March 31, 2018.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2019</b>	<b>Restated 2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Assets</b>						
Current and other assets	\$ 6,373,839	\$ 5,810,374	\$ (600,149)	\$ (443,217)	\$ 5,773,690	\$ 5,367,157
Capital assets	2,753,710	2,847,562	6,713,598	6,875,050	9,467,308	9,722,612
<b>Total assets</b>	<b>9,127,549</b>	<b>8,657,936</b>	<b>6,113,449</b>	<b>6,431,833</b>	<b>15,240,998</b>	<b>15,089,769</b>
<b>Deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>221,428</b>	<b>236,190</b>	<b>221,428</b>	<b>236,190</b>
<b>Liabilities</b>						
Current liabilities	708,492	542,268	317,281	312,577	1,025,773	854,845
Noncurrent liabilities	9,377,593	14,233,469	3,203,170	3,444,654	12,580,763	17,678,123
<b>Total liabilities</b>	<b>10,086,085</b>	<b>14,775,737</b>	<b>3,520,451</b>	<b>3,757,231</b>	<b>13,606,536</b>	<b>18,532,968</b>
<b>Net position</b>						
Net investment in capital assets	1,628,087	1,993,860	3,268,944	3,183,912	4,897,031	5,177,772
Restricted	2,704,579	2,466,164	-	-	2,704,579	2,466,164
Assigned	-	-	-	-	-	-
Unrestricted	(5,291,202)	(5,018,543)	(454,518)	(273,120)	(5,745,720)	(5,291,663)
<b>Total net position</b>	<b>\$ (958,536)</b>	<b>\$ (558,519)</b>	<b>\$ 2,814,426</b>	<b>\$ 2,910,792</b>	<b>\$ 1,855,890</b>	<b>\$ 2,352,273</b>

Net position may serve over time as a useful indicator of a government's financial position. The Township's governmental activities liabilities exceeded assets and deferred outflows of resources by \$958,536 as of March 31, 2019. A portion of the Township's net position reflects its balance of unrestricted net position. These funds, if available, may be used to meet the Township's ongoing obligations to citizens and creditors.

An additional portion of the Township's net position (approximately 264%) reflects its net investment in capital assets (e.g., land, buildings, equipment), less any related debt used to acquire those assets that are still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position (approximately 146%) represents resources that are subject to external restrictions on how they may be used.

**TOWNSHIP OF BRUCE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2019**

The Township's total change in net position was a decrease of \$496,383 during the current year as indicated below. (Note: the 2018 column is prior to the implementation of GASB Statement No. 75, which was effective for fiscal years beginning after June 15, 2017.)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>						
Program revenue						
Charges for services	\$ 1,650,696	\$ 1,540,204	\$ 698,741	\$ 578,685	\$ 2,349,437	\$ 2,118,889
Operating grants and contributions	22,559	6,499	-	-	22,559	86,585
Capital grants and contributions	72,924	17,184	-	-	72,924	17,184
General revenue						
Property taxes	2,306,548	2,209,664	-	-	2,306,548	2,209,664
State shared revenue	591,792	567,846	-	-	591,792	567,846
Local community stabilization	95,530	80,086	-	-	95,530	567,846
Investment earnings	19,743	11,857	18,962	29,406	38,705	41,263
Change in equity interest in joint ventures	56,077	48,160	-	-	56,077	48,160
Miscellaneous	17,806	17,238	-	-	17,806	17,238
<b>Total revenue</b>	<b>4,833,675</b>	<b>4,498,738</b>	<b>717,703</b>	<b>608,091</b>	<b>5,551,378</b>	<b>5,674,675</b>
<b>Program expenses</b>						
General government	842,179	813,213	-	-	842,179	813,213
Public safety	1,370,245	1,439,310	-	-	1,370,245	1,439,310
Public works	942,246	328,342	-	-	942,246	328,342
Health and welfare	2,056,615	1,931,107	-	-	2,056,615	1,931,107
Sewer system	-	-	523,947	534,862	523,947	534,862
Water system	-	-	290,122	209,563	290,122	209,563
Interest on long-term debt	22,407	12,147	-	-	22,407	12,147
<b>Total program expenses</b>	<b>5,233,692</b>	<b>4,524,119</b>	<b>814,069</b>	<b>744,425</b>	<b>6,047,761</b>	<b>5,268,544</b>
<b>Change in net position</b>	<b>\$ (400,017)</b>	<b>\$ (25,381)</b>	<b>\$ (96,366)</b>	<b>\$ (136,334)</b>	<b>\$ (496,383)</b>	<b>\$ (161,715)</b>

**Governmental Activities**

The net position of the Township's governmental activities decreased \$400,017 during fiscal year 2019. Although the Township's revenues increased by about 7% and the expenses of \$5,233,692 during fiscal year 2019 increased by approximately 16% from fiscal year 2018, the Township continues to analyze ways to obtain revenue or cut expenses without losing service as a result of the continued loss in net position. A key element related to the change in net position is the public safety and health and welfare expenses which are approximately 65% of the total expenses and includes fire and ambulance services.

**Business-type Activities**

The net position of the Township's business-type activities decreased by \$96,366 during fiscal year 2019. Although the total expenses increased approximately 9%, revenues also increased approximately 18%, which resulted in the business-type activities decreasing overall as the expenses continue to be more than the revenue. The majority of the revenue is generated through charges for services, which makes up approximately 95% of the total business-type activities revenue.

**TOWNSHIP OF BRUCE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2019**

**The Township's Funds**

**Governmental Funds.** The analysis of the Township's major funds begins on page 12, following the government-wide financial statements. The fund financial statements provide detailed information about the governmental funds, not the Township as a whole. The Township's Board of Trustees creates funds to help manage money for specific purposes. The Township's major governmental funds for the fiscal year ended March 31, 2019, were the General Fund, Fire Fund, and Advanced Life Support Fund. The General Fund pays for most of the Township's governmental operating services. The most significant service provided within the General Fund during the fiscal year was for public works, which incurred expenditures of \$723,495 for the fiscal year.

The Fire Fund and Advanced Life Support Fund are used to account for fire and ambulance services and are funded with special millages, insurance recoveries, and revenue from the Village of Romeo. The funds incurred total expenditures of \$957,815 and \$1,940,289, respectively, of which \$2,744,620 were for fire and ambulance services. The remaining expenditures were for capital outlay and debt service.

**Proprietary Funds.** The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Sewer System and the Water System at the end of the year amounted to a deficit of \$514,919 and a positive \$60,401, respectively. The increase in net position for the Sewer System was \$73,681; while the decrease in net position for the Water System was \$170,047. Other significant factors concerning the finances of these two funds have already been addressed in the discussion of the Township's business-type activities.

**General Fund Budgetary Highlights**

Over the course of the fiscal year, the Township's Board of Trustees revised the General Fund's budget several times. The Township began the year expecting no usage of fund balance. Even after all budget adjustments were made, the Township continued to anticipate no usage of fund balance although both the General Fund's budgeted revenues and expenditures were increased by a total of \$36,121 throughout the year. Actual expenditures came in approximately \$363,863 over the final budgeted amount adopted by the Township's Board of Trustees. Actual revenues were \$38,631 more than the final anticipated amount with the net change in fund balance being an increase of \$74,768, before GAAP-basis adjustments.

**Capital Asset and Debt Administration**

**Capital Assets.** At the end of the fiscal year, the Township had approximately \$9,467,308 invested in a broad range of governmental and business-type capital assets, including infrastructure, buildings, land, vehicles, equipment, and utilities, net of accumulated depreciation. During the fiscal year 2019, the most significant capital asset addition was the purchase of fire equipment. Further details related to the Township's capital assets can be found in Note 6 to the financial statements.

**Long-term Debt.** The Township's long-term debt increased by approximately \$58,569 during fiscal year 2019. This change was largely related to obtaining a loan for necessary road work during the fiscal year. The carrying amount of the Township's obligation for compensated absences, included in the long-term debt, was \$201,080 at fiscal year-end. Further details related to the Township's long-term debt can be found in Note 7 to the financial statements.

**TOWNSHIP OF BRUCE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2019**

**Current Economic Factors**

Revenue sharing makes up a significant portion of the Township's budget. While this has leveled off, the Township has experienced a slight increase during the most recent budget cycles. A close watch will be maintained as the State of Michigan continues to investigate financial solutions.

Increases in property values and moderate growth in residential and industrial have resulted in a slight increase in the property tax revenue for the Township. The trend of increases in property values and corresponding revenue is expected to continue as the Township has noticed significant new construction and building permits being obtained and a significant increase in planning applications.

The Board recently expanded the water district to include property adjacent (west) to M53. The purpose was to include Springbrook Estates, mobile home park, so that they can connect to the Township's municipal water system. This will be of mutual benefit to both the park and the Township as it will provide an improved water source to the park and increase revenues to the Township's Water Fund and also allow the township to potentially bring on additional users.

Also, the planning commission recently approved major development through the industrial corridor that has already entered the engineering approval phase, phase one of the three project phases. The Township expects to see significant growth in the industrial area as building permits, sewer and water revenue, taxable values, and employment appear to have been given a boost by the development that is already occurring.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township at 223 East Gates Street, Romeo, Michigan 48065.



## **BASIC FINANCIAL STATEMENTS**

**TOWNSHIP OF BRUCE  
STATEMENT OF NET POSITION  
MARCH 31, 2019**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 2,875,604	\$ 197,052	\$ 3,072,656
Current portion of receivables	291,209	228,387	519,596
Due from other governmental units	209,379	-	209,379
Internal balances	1,188,956	(1,188,956)	-
Prepays	27,688	992	28,680
Total current assets	4,592,836	(762,525)	3,830,311
Noncurrent assets			
Investments	364,537	-	364,537
Internal balances	77,869	(77,869)	-
Noncurrent portion of receivables	53,837	240,245	294,082
Investment in Romeo, Washington, Bruce Parks and Recreation Commission	940,091	-	940,091
Investment in Washington and Bruce Senior Transportation through Advanced Reservation Commission	344,669	-	344,669
Capital assets not being depreciated	636,770	-	636,770
Capital assets being depreciated, net	2,116,940	6,713,598	8,830,538
Total noncurrent assets	4,534,713	6,875,974	11,410,687
TOTAL ASSETS	9,127,549	6,113,449	15,240,998
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges, net of amortization	-	221,428	221,428
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	128,296	75,043	203,339
Accrued wages	124,106	754	124,860
Due to other governmental units	108,812	-	108,812
Unearned revenue	113,000	-	113,000
Current portion of compensated absences	117,019	-	117,019
Current portion of long-term debt	117,259	241,484	358,743
Total current liabilities	708,492	317,281	1,025,773
Noncurrent liabilities			
Noncurrent portion of compensated absences	84,061	-	84,061
Noncurrent portion of long-term debt	1,008,364	3,203,170	4,211,534
Total other post-employment benefits liability	8,285,168	-	8,285,168
Total noncurrent liabilities	9,377,593	3,203,170	12,580,763
TOTAL LIABILITIES	10,086,085	3,520,451	13,606,536
<b>NET POSITION</b>			
Net investment in capital assets	1,628,087	3,268,944	4,897,031
Restricted			
Public safety	1,248,961	-	1,248,961
Health and welfare	1,255,068	-	1,255,068
Capital projects	200,550	-	200,550
Unrestricted	(5,291,202)	(454,518)	(5,745,720)
TOTAL NET POSITION	\$ (958,536)	\$ 2,814,426	\$ 1,855,890

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE  
STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2019**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities						
General government	\$ 842,179	\$ 412,492	\$ -	\$ 4,994	\$ (424,693)	\$ -
Public safety	1,370,245	245,827	-	-	(1,124,418)	-
Public works	942,246	12,381	6,559	67,930	(855,376)	-
Health and welfare	2,056,615	979,996	16,000	-	(1,060,619)	-
Interest on long-term debt	22,407	-	-	-	(22,407)	-
Total governmental activities	5,233,692	1,650,696	22,559	72,924	(3,487,513)	-
Business-type activities						
Sewer system	523,947	593,117	-	-	-	69,170
Water system	290,122	105,624	-	-	-	(184,498)
Total business-type activities	814,069	698,741	-	-	-	(115,328)
Total government	\$ 6,047,761	\$ 2,349,437	\$ 22,559	\$ 72,924	(3,487,513)	(115,328)
General revenues						
Property taxes					2,306,548	-
State shared revenues					591,792	-
Local community stabilization					95,530	-
Investment earnings					19,743	18,962
Change in equity interest related to joint ventures					56,077	-
Miscellaneous					17,806	-
Total general revenues					3,087,496	18,962
Change in net position					(400,017)	(96,366)
Restated net position, beginning of the year					(558,519)	2,910,792
Net position, end of the year					\$ (958,536)	\$ 2,814,426
						\$ 1,855,890

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
MARCH 31, 2019**

	General Fund	Fire Fund	Advanced Life Support Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 381,670	\$ 964,719	\$ 1,315,990
Investments	70,249	187,739	101,436
Receivables			
Accounts	27,248	51,379	52,217
Taxes	16,732	24,895	36,564
Special assessments	-	-	-
Long-term receivable	44,000	-	-
Due from other governmental units	209,379	-	-
Due from other funds	898,764	61,932	2,745
Advances to other funds	77,869	-	-
Prepays	18,052	6,377	3,259
<b>TOTAL ASSETS</b>	<u><u>\$ 1,743,963</u></u>	<u><u>\$ 1,297,041</u></u>	<u><u>\$ 1,512,211</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ 34,690	\$ 6,466	\$ 87,140
Accrued wages	23,720	38,774	61,612
Due to other funds	74,865	2,840	891
Due to other governmental units	108,812	-	-
Unearned revenue	5,500	-	107,500
<b>TOTAL LIABILITIES</b>	247,587	48,080	257,143
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	44,000	-	-
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable	95,921	6,377	3,259
Restricted	-	1,242,584	1,251,809
Assigned	248,582	-	-
Unassigned	1,107,873	-	-
<b>TOTAL FUND BALANCES</b>	<u><u>1,452,376</u></u>	<u><u>1,248,961</u></u>	<u><u>1,255,068</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<u><u>\$ 1,743,963</u></u>	<u><u>\$ 1,297,041</u></u>	<u><u>\$ 1,512,211</u></u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total
\$ 213,225	\$ 2,875,604
5,113	364,537
-	130,844
467	78,658
91,544	91,544
-	44,000
-	209,379
384,865	1,348,306
-	77,869
-	27,688
<u>\$ 695,214</u>	<u>\$ 5,248,429</u>
\$ -	\$ 128,296
-	124,106
80,754	159,350
-	108,812
-	113,000
<u>80,754</u>	<u>633,564</u>
91,544	135,544
-	105,557
200,550	2,694,943
402,653	651,235
(80,287)	1,027,586
<u>522,916</u>	<u>4,479,321</u>
<u>\$ 695,214</u>	<u>\$ 5,248,429</u>



**TOWNSHIP OF BRUCE  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE STATEMENT OF NET POSITION  
MARCH 31, 2019**

**Total fund balances - governmental funds** **\$ 4,479,321**

Amounts reported for the governmental activities in the statement of net position are different because:

Investments in joint ventures are not financial resources and are not reported in the governmental funds. 1,284,760

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 8,316,402	
Accumulated depreciation is	<u>(5,562,692)</u>	
Capital assets, net		2,753,710

Long-term receivables are not available to pay for current period expenditures and are therefore deferred in the funds. These consist of:

Unavailable revenue	135,544
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Compensated absences	(201,080)	
Direct obligations	(1,125,623)	
Total other post-employment benefits liability	<u>(8,285,168)</u>	
		<u>(9,611,871)</u>

<b>Net position of governmental activities</b>	<b><u>\$ (958,536)</u></b>
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**TOWNSHIP OF BRUCE  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED MARCH 31, 2019**

	General Fund	Fire Fund	Advanced Life Support Fund
REVENUES			
Taxes	\$ 483,480	\$ 787,035	\$ 1,150,823
Special assessments	-	-	-
Licenses and permits	104,447	-	-
Intergovernmental	698,875	-	16,000
Charges for services	205,499	171,604	979,996
Interest	4,518	8,171	6,301
Other	11,969	1,675	5,512
<b>TOTAL REVENUES</b>	<b>1,508,788</b>	<b>968,485</b>	<b>2,158,632</b>
EXPENDITURES			
Current			
General government	586,707	-	-
Public safety	-	899,691	-
Public works	723,495	-	-
Health and welfare	-	-	1,844,929
Other	339,729	-	-
Capital outlay	10,546	810	95,360
Debt service	93,172	57,314	-
<b>TOTAL EXPENDITURES</b>	<b>1,753,649</b>	<b>957,815</b>	<b>1,940,289</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(244,861)</b>	<b>10,670</b>	<b>218,343</b>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	400,000	-	-
Transfers in	-	-	-
Transfers out	(75,000)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>325,000</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>80,139</b>	<b>10,670</b>	<b>218,343</b>
Fund balances, beginning of year	1,372,237	1,238,291	1,036,725
Fund balances, end of year	<u>\$ 1,452,376</u>	<u>\$ 1,248,961</u>	<u>\$ 1,255,068</u>

See accompanying notes to financial statements.



Nonmajor Governmental Funds	Total
\$ -	\$ 2,421,338
67,556	67,556
-	104,447
-	714,875
-	1,357,099
1,127	20,117
-	19,156
68,683	4,704,588
-	586,707
-	899,691
143,529	867,024
-	1,844,929
-	339,729
-	106,716
-	150,486
143,529	4,795,282
(74,846)	(90,694)
-	400,000
75,000	75,000
-	(75,000)
75,000	400,000
154	309,306
522,762	4,170,015
\$ 522,916	\$ 4,479,321

**TOWNSHIP OF BRUCE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED MARCH 31, 2019**

**Net change in fund balances - total governmental funds** **\$ 309,306**

Amounts reported for governmental activities in the statement of activities are different because:

Changes in equity interest in joint ventures are not reported in the governmental funds:

Romeo, Washington, and Bruce Parks and Recreation Commission	\$	53,340	
Washington and Bruce Townships Senior Transportation through			
Advanced Reservation Commission (S.T.A.R.)		<u>2,737</u>	
			56,077

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay		101,831	
Depreciation		<u>(195,683)</u>	
Excess of depreciation expense over capital outlay			(93,852)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period these amounts consist of:

Change in unavailable revenue	73,010
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Certain transactions related to long-term debt are reported as expenditures or other financing sources/uses in governmental funds, but are reflected as increases or decreases of the applicable liability in the statement of net position. In the current year, these amounts consist of:

Debt principal retirement		128,079	
Proceeds from debt issuance		<u>(400,000)</u>	
			(271,921)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in compensated absences		(33,132)	
(Increase) in total other post-employment benefits liability		<u>(439,505)</u>	
			<u>(472,637)</u>

<b>Change in net position of governmental activities</b>	<b><u>\$ (400,017)</u></b>
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See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
MARCH 31, 2019**

	Sewer System Fund	Water System Fund	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 59,703	\$ 137,349	\$ 197,052
Receivables			
Customers	154,517	4,619	159,136
Current portion of special assessments	30,929	38,322	69,251
Due from other funds	47,511	-	47,511
Prepays	992	-	992
Total current assets	293,652	180,290	473,942
Noncurrent assets			
Noncurrent portion of special assessments receivable	38,129	202,116	240,245
Capital assets, net of accumulated depreciation	5,890,152	823,446	6,713,598
Total noncurrent assets	5,928,281	1,025,562	6,953,843
<b>TOTAL ASSETS</b>	6,221,933	1,205,852	7,427,785
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges, net of amortization	221,428	-	221,428
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	50,148	24,895	75,043
Accrued wages	754	-	754
Due to other funds	939,357	297,110	1,236,467
Current portion of long-term debt	207,284	34,200	241,484
Total current liabilities	1,197,543	356,205	1,553,748
Noncurrent liabilities			
Advances from other funds	77,869	-	77,869
Noncurrent portion of long-term debt	2,861,970	341,200	3,203,170
Total noncurrent liabilities	2,939,839	341,200	3,281,039
<b>TOTAL LIABILITIES</b>	4,137,382	697,405	4,834,787
<b>NET POSITION</b>			
Net investment in capital assets	2,820,898	448,046	3,268,944
Unrestricted	(514,919)	60,401	(454,518)
<b>TOTAL NET POSITION</b>	<u>\$ 2,305,979</u>	<u>\$ 508,447</u>	<u>\$ 2,814,426</u>

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
YEAR ENDED MARCH 31, 2019**

	Sewer System Fund	Water System Fund	Total
OPERATING REVENUES			
Charges for services	\$ 593,117	\$ 105,624	\$ 698,741
OPERATING EXPENSES			
Cost of sewage disposal	248,836	-	248,836
Operation and maintenance	17,350	251,205	268,555
General and administrative	11,131	1,725	12,856
Depreciation and amortization	158,538	16,192	174,730
TOTAL OPERATING EXPENSES	435,855	269,122	704,977
OPERATING INCOME (LOSS)	157,262	(163,498)	(6,236)
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	4,511	14,451	18,962
Interest and fees expense	(88,092)	(21,000)	(109,092)
NONOPERATING REVENUES (EXPENSES)	(83,581)	(6,549)	(90,130)
CHANGE IN NET POSITION	73,681	(170,047)	(96,366)
Net position, beginning of year	2,232,298	678,494	2,910,792
Net position, end of year	\$ 2,305,979	\$ 508,447	\$ 2,814,426

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2019**

	Sewer System Fund	Water System Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 559,889	\$ 104,826	\$ 664,715
Cash paid to suppliers	(266,970)	(241,026)	(507,996)
Cash paid to employees	(10,977)	(1,725)	(12,702)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	281,942	(137,925)	144,017
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Receipt of interfund balances	(38,802)	172,770	133,968
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payments on borrowings	(210,000)	(35,000)	(245,000)
Special assessments received	13,326	8,780	22,106
Interest and fees paid	(88,092)	(21,000)	(109,092)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	(284,766)	(47,220)	(331,986)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	4,511	14,451	18,962
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(37,115)	2,076	(35,039)
Cash and cash equivalents, beginning of year	96,818	135,273	232,091
Cash and cash equivalents, end of year	<u>\$ 59,703</u>	<u>\$ 137,349</u>	<u>\$ 197,052</u>

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS (continued)  
YEAR ENDED MARCH 31, 2019**

	<u>Sewer System Fund</u>	<u>Water System Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 157,262	\$ (163,498)	\$ (6,236)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation and amortization	158,538	16,192	174,730
(Increase) in:			
Receivables	(33,228)	(798)	(34,026)
Prepays	(155)	-	(155)
Increase (decrease) in:			
Accounts payable	(629)	10,179	9,550
Accrued wages	<u>154</u>	<u>-</u>	<u>154</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ 281,942</u>	 <u>\$ (137,925)</u>	 <u>\$ 144,017</u>

**TOWNSHIP OF BRUCE  
FIDUCIARY FUNDS  
STATEMENT OF ASSETS AND LIABILITIES  
MARCH 31, 2019**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 225,848
Due from others	1,473
Due from other governmental units	<u>96,952</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 324,273</u></u>
<b>LIABILITIES</b>	
Due to others	\$ 63,446
Due to other governmental units	77,865
Deposits	<u>182,962</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 324,273</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 1 - DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Township of Bruce (the Township) was organized as a township under provisions of the constitution and general law of the State of Michigan. The Township is one of 11 townships in Macomb County. The Township operates under an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and two Trustees and provides services to its residents in many areas including general government, highways and streets, fire protection, and sewer utility services.

The financial statements of the Township have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to township governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Township's more significant accounting policies are described below.

**A. Reporting Entity**

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the Township. The Township has no activities that would be classified as component units.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of the Township contain all the funds controlled by the Township Board.

**B. Joint Ventures**

The Township is a member of the Romeo, Washington, Bruce Parks and Recreation Commission and the Washington and Bruce Townships Senior Transportation thru Advanced Reservation Commission (S.T.A.R.). The Township appoints one member to each joint venture's governing board, which then approves the annual budget. The Romeo, Washington, Bruce Parks and Recreation Commission is funded primarily from property taxes and program fees. S.T.A.R. is funded primarily from property taxes and operating grants. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Township's equity interest of \$940,091 and \$344,669 in the Romeo, Washington, Bruce Parks and Recreation Commission and the Washington and Bruce Townships Senior Transportation thru Advanced Reservation Commission, respectively, is recorded within the governmental activities of the statement of net position. Complete financial statements for the joint ventures can be obtained from the respective administrative offices.



**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 1 - DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Joint Ventures (continued)**

The Township is a member of Romeo District Library, which provides library services to the residents of the Village of Romeo, Washington Township, and Bruce Township. The Library is funded primarily from property taxes and user fees. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Township appoints two members to the Romeo District Library board, which approves the library's annual budget. During the current year, no contribution was made to the Library by the Township. Complete financial statements for the Romeo District Library can be obtained from the administrative office.

**C. Basis of Presentation**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities (the government-wide financial statements) present information for the Township as a whole. All nonfiduciary activities of the Township are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the Township and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

**FUND FINANCIAL STATEMENTS**

The fund financial statements present the Township's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

1. The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
2. The Fire Fund is used to account for fire safety and protection services/activities within the Township. Funding is provided primarily through a local property tax levy.

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 1 - DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Presentation (continued)**

**FUND FINANCIAL STATEMENTS (continued)**

3. The Advanced Life Support Fund is used to account for emergency medical response service/activities within the Township. Funding is provided primarily through a local property tax levy and a user charge for ambulance services.

The Township reports the following major enterprise funds:

1. The Sewer System Fund is used to account for the activities of the sewage and storm water collection system. Funding is primarily raised through user charges.
2. The Water System Fund is used to account for the activities of the construction and establishment of a water utility system. Funding is primarily raised through user charges.

The Township also reports fiduciary funds to account for assets held by the Township as an agent for other governments, private organizations, or individuals. Agency funds are by nature, custodial; therefore, operating results are not measured. The Township's fiduciary funds are the General Agency Fund and the Current Tax Collection Fund.

**D. Measurement Focus**

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

There is no measurement focus for the fiduciary agency funds since assets equal liabilities.

**E. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 1 - DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Basis of Accounting (continued)**

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and unavailable revenue. Significant revenues susceptible to accrual are special assessments, certain intergovernmental revenues, and certain charges for services. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

The proprietary and agency funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

If/when both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

**F. Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect results in the required supplementary information. The Township employs the following budgetary data reflected in the financial statements.

1. Prior to March 1, the Township Supervisor submits a proposed operating budget for the fiscal year commencing the following April 1 to the Township Board. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to March 31, the budget is adopted through passage of a Board resolution. After the budget is adopted all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity, as applicable, must be approved by the Township Board.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at March 31 are not carried forward to the following fiscal year.
6. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year.

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 1 - DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Cash and Cash Equivalents**

Cash and cash equivalents consist of checking, savings, and investment trust fund accounts. Cash equivalents are recorded at cost, which approximates fair value.

**H. Receivables**

Receivables consist of amounts due from various individuals and businesses related to charges for services, amounts owed to the Township from special assessment, and taxes levied that have not been collected.

**I. Due from Other Governmental Units**

Due from other governmental units consist of amounts due from the State of Michigan and other governments for various payments and grants.

**J. Prepays**

Prepaid expenditures in the governmental funds and prepaid expenses in the government-wide financial statements, such as insurance premiums, which are expected to be written off within the next fiscal year, are included in net current assets. Reported prepaid expenditures are equally offset by nonspendable fund balance which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

**K. Capital Assets**

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental and business-type activities columns. Capital assets are those with an initial cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition cost on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	15 - 60 years
Fire vehicles and equipment	4 - 15 years
Machinery and equipment	4 - 30 years
Vehicles	3 - 25 years
Election equipment	5 years
Sewer system	60 years
Water system	60 years

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 1 - DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Deferred Outflows/Inflows of Resources**

In addition to assets and liabilities, the statement of financial position or balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Township has several items that qualify for reporting in these categories and are reported in the government-wide financial statement of net position or in the governmental funds balance sheet.

The Township reports deferred outflows of resources for the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Township also reports deferred inflows of resources which arises only under a modified accrual basis of accounting and qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from revenues collected subsequent to 60 days after year end and from long-term special assessment receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**M. Compensated Absences**

In accordance with the Township personnel policies and/or contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts.

Vested vacation and sick leave earned as of March 31, 2019, including related payroll taxes, is recorded entirely in the government-wide financial statements.

**N. Long-Term Obligations**

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 1 - DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

O. Net Other Post-Employment Benefits Liability

The net other post-employment benefit asset is deemed to be a noncurrent liability and is recognized in the government-wide financial statements.

P. Property Tax

The Township bills and collects its own property taxes and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Property taxes are levied on December 1. The tax levy is due February 28. All taxes not paid by their due date are deemed delinquent. Delinquent real and personal property taxes are turned over to the Macomb County Treasurer on March 1 of the year following the levy. The Macomb County Treasurer remits payment to all taxing units on all delinquent real property taxes. Personal property payments are remitted to the Township when the County collects the delinquent property taxes still outstanding after March 1.

The Township is permitted to levy up to \$1 per \$1,000 of taxable valuation for general governmental service and additional amounts for special and debt services. For the year ended March 31, 2019, the Township levied 0.7670 mills for general governmental services, 2.2400 mills for fire services, and 3.2900 mills for advanced life support services. The total taxable value for the 2018 levy for the property within the Township was \$474,730,376.

Q. Tax Abatements

The Township's tax revenues have been reduced by tax abatements throughout the Township. Management has determined these amounts to be immaterial to the financial statements.

R. Restricted Net Position

Restrictions of net position shown in the government-wide financial statements indicate restrictions that have been imposed by outside sources which preclude a portion of net position from their use for unrestricted purposes.

S. Comparative Data

Comparative data for the prior year has not been presented in all funds in the accompanying financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

**NOTE 2 - DEPOSITS**

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or any agency or instrumentality of the United States.

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 2 - DEPOSITS (continued)**

- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.146 of Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Deposits

There is a custodial credit risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2019, the carrying amount of the Township's deposits was \$3,662,291 and the bank balance was \$3,869,875.

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of March 31, 2019, the Township's accounts were federally insured for \$755,205 and the amount of \$3,114,670 was uninsured and uncollateralized.

The cash and cash equivalents caption on the financial statements include \$750 in petty cash.

The following summarizes the categorizations of these amounts as of March 31, 2019:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 3,072,656	\$ 225,848	\$ 3,298,504
Investments - noncurrent	<u>364,537</u>	<u>-</u>	<u>364,537</u>
	<u>\$ 3,437,193</u>	<u>\$ 225,848</u>	<u>\$ 3,663,041</u>

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of the uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 2 - DEPOSITS (continued)**

Interest Rate Risk

The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics.

Concentration of Credit Risk

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio by security type to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES**

The amount of interfund receivables and payables at March 31, 2019, are as follows:

Due to General Fund from:	
Sewer System Fund	\$ 629,357
Water System Fund	249,599
Fire Fund	95
Advanced Life Support Fund	891
Nonmajor governmental funds	<u>18,822</u>
	<u>\$ 898,764</u>
Due to Fire Fund from:	
Nonmajor governmental funds	<u>\$ 61,932</u>
Due to Advanced Life Support Fund from:	
Fire Fund	<u>\$ 2,745</u>
Due to nonmajor governmental funds from:	
General Fund	\$ 74,865
Sewer System Fund	<u>310,000</u>
	<u>\$ 384,865</u>
Due to Sewer System Fund from:	
Water System Fund	<u>\$ 47,511</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not yet cleared as of the balance sheet date.



**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 4 - ADVANCES RECEIVABLE AND PAYABLE**

The following schedule details advances receivable and payable between funds of the primary government at March 31, 2019:

Advances from General Fund to:	
Sewer System Fund	<u>\$ 77,869</u>

Advances from the General Fund to the Sewer System Fund were to cover debt payments related to the 2007 Special Assessment Bonds.

**NOTE 5 - INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfers are used to move unrestricted General Fund revenues to fund operating costs and future capital projects that the government must account for in other funds in accordance with budgetary authorizations.

Transfer to nonmajor governmental funds from:	
General Fund	<u>\$ 75,000</u>

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2019, was as follows:

**Governmental Activities**

	Balance Apr. 1, 2018	Additions	Deletions	Balance Mar. 31, 2019
Capital assets not being depreciated				
Land	\$ 636,770	\$ -	\$ -	\$ 636,770
Capital assets being depreciated				
Buildings and improvements	3,789,633	-	-	3,789,633
Fire vehicles and equipment	3,505,355	101,831	-	3,607,186
Machinery and equipment	243,302	-	-	243,302
Vehicles	6,513	-	-	6,513
Election equipment	32,998	-	-	32,998
Subtotal	7,577,801	101,831	-	7,679,632

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 6 - CAPITAL ASSETS (continued)**

**Governmental Activities (continued)**

	Balance Apr. 1, 2018	Additions	Deletions	Balance Mar. 31, 2019
Less accumulated depreciation for:				
Buildings and improvements	\$ (2,609,051)	\$ (55,488)	\$ -	\$ (2,664,539)
Fire vehicles and equipment	(2,546,151)	(124,911)	-	(2,671,062)
Machinery and equipment	(205,294)	(11,984)	-	(217,278)
Vehicles	(6,513)	-	-	(6,513)
Election equipment	-	(3,300)	-	(3,300)
Subtotal	<u>(5,367,009)</u>	<u>(195,683)</u>	<u>-</u>	<u>(5,562,692)</u>
Net capital assets being depreciated	<u>2,210,792</u>	<u>(93,852)</u>	<u>-</u>	<u>2,116,940</u>
Capital assets, net	<u><u>\$ 2,847,562</u></u>	<u><u>\$ (93,852)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,753,710</u></u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 70,589
Public safety	84,773
Public works	183
Health and welfare	<u>40,138</u>
	<u><u>\$ 195,683</u></u>

**Business-type Activities**

	Balance Apr. 1, 2018	Additions	Deletions	Balance Mar. 31, 2019
Capital assets being depreciated				
Sewer system	\$ 8,763,619	\$ -	\$ -	\$ 8,763,619
Water system	923,491	-	-	923,491
Subtotal	9,687,110	-	-	9,687,110
Less accumulated depreciation for:				
Sewer system	(2,727,407)	(146,060)	-	(2,873,467)
Water system	<u>(84,653)</u>	<u>(15,392)</u>	<u>-</u>	<u>(100,045)</u>
Subtotal	<u>(2,812,060)</u>	<u>(161,452)</u>	<u>-</u>	<u>(2,973,512)</u>
Capital assets, net	<u><u>\$ 6,875,050</u></u>	<u><u>\$ (161,452)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,713,598</u></u>

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 6 - CAPITAL ASSETS (continued)**

Depreciation expense was charged to the following business-type activities:

Sewer system	\$ 146,060
Water system	<u>15,392</u>
	<u><u>\$ 161,452</u></u>

**NOTE 7 - LONG-TERM DEBT**

The following is a summary of changes in long-term debt (including current portion) of the Township for the year ended March 31, 2019:

	Balance Apr. 1, 2018	Additions	Deletions	Balance Mar. 31, 2019	Amounts Due Within One Year
<b>Governmental Activities</b>					
2014 State Infrastructure Bank Loan	\$ 369,594	\$ -	\$ (36,381)	\$ 333,213	\$ 37,472
2017 State Infrastructure Bank Loan	-	400,000	(35,704)	364,296	36,596
Capital lease	484,108	-	(55,994)	428,114	43,191
Compensated absences	<u>167,948</u>	<u>130,870</u>	<u>(97,738)</u>	<u>201,080</u>	<u>117,019</u>
Total governmental activities	1,021,650	530,870	(225,817)	1,326,703	234,278
<b>Business-type Activities</b>					
2007 Special Assessment Bonds	160,000	-	(35,000)	125,000	35,000
2010 Special Assessment Bonds	420,000	-	(35,000)	385,000	35,000
Discount	(10,400)	-	800	(9,600)	(800)
2012 Refunding Bonds	2,775,000	-	(160,000)	2,615,000	155,000
Premium	36,539	-	(2,284)	34,255	2,284
2015 State Clean Water Revolving Fund Loan	<u>309,999</u>	<u>-</u>	<u>(15,000)</u>	<u>294,999</u>	<u>15,000</u>
	<u>3,691,138</u>	<u>-</u>	<u>(246,484)</u>	<u>3,444,654</u>	<u>241,484</u>
<b>TOTAL</b>	<u><u>\$ 4,712,788</u></u>	<u><u>\$ 530,870</u></u>	<u><u>\$ (472,301)</u></u>	<u><u>\$ 4,771,357</u></u>	<u><u>\$ 475,762</u></u>

Significant details regarding outstanding long-term debt (including current portion) are presented below:

**Governmental Activities**

General Obligation Loans

\$472,500 2014 State Infrastructure Bank (SIB) Loan, dated June 23, 2014, due in annual payments of \$47,468 through July 1, 2026, including interest of 3.00% payable annually. \$ 333,213

\$400,000 2017 State Infrastructure Bank (SIB) Loan, dated November 9, 2017, due in annual payments of \$45,704 through November 9, 2027, including interest of 2.50% payable annually. 364,296

\$ 697,509

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 7 - LONG-TERM DEBT (continued)**

**Governmental Activities (continued)**

Capital Lease

\$484,108 Lease purchase agreement dated November 1, 2017, consisted of an obligation for a fire truck tanker. Annual payments are due through November 1, 2027, including interest for 3.19%. The cost of the tanker under the lease purchase agreement amounted to \$484,108. The lease purchase agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum payments as of the date of inception.

\$ 428,114

Compensated Absences

In accordance with the Township personnel policies and/or contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$201,080 for vacation and sick at March 31, 2019. The amounts of \$117,019 and \$84,061 have been reported as current and noncurrent liabilities, respectively. These liabilities are expected to be liquidated by the General, Fire, and Advance Life Support funds, as applicable.

**Business-type Activities**

General Obligation Bonds

\$3,185,000 2012 Refunding Bonds, dated November 30, 2012, due in annual installments ranging from \$150,000 to \$195,000 through October 1, 2033, with interest ranging from 2.00% to 3.00%, payable semi-annually.

\$ 2,615,000

Special Assessment Bonds

\$520,000 2007 Special Assessment Bonds, dated August 1, 2007, due in annual installments ranging from \$35,000 to \$50,000 through April 1, 2022, with interest ranging from 4.40% to 4.50%, payable semi-annually.

\$ 125,000

\$640,000 2010 Special Assessment Bonds, dated November 3, 2010, due in annual installments of \$35,000 through April 1, 2030, with interest ranging from 4.00% to 5.20%, payable semi-annually.

385,000

\$ 510,000

**TOWNSHIP OF BRUCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 7 - LONG-TERM DEBT (continued)**

**Business-type Activities (continued)**

Revolving Fund Loan

\$340,000 State Clean Water Revolving Fund Loan, dated September 17, 2015, due in annual installments ranging from \$15,000 to \$20,000 through April 1, 2036, with interest of 2.50%, payable semi-annually.

\$ 294,999

The annual requirements to pay the debt principal and interest outstanding for the bonds, loan, and capital lease are as follows:

Year Ending March 31,	Governmental Activities			
	General Obligation Loans		Capital Lease	
	Principal	Interest	Principal	Interest
2020	\$ 74,068	\$ 19,104	\$ 43,191	\$ 14,123
2021	76,107	17,065	44,570	12,743
2022	78,203	14,969	45,993	11,320
2023	80,357	12,816	47,462	9,851
2024	82,570	10,602	48,978	8,336
2025-2028	306,204	19,017	197,920	17,196
	<u>\$ 697,509</u>	<u>\$ 93,573</u>	<u>\$ 428,114</u>	<u>\$ 73,569</u>

Year Ending March 31,	Business-type Activities					
	General Obligation Bonds		Special Assessment Bonds		Revolving Fund Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 155,000	\$ 71,613	\$ 70,000	\$ 24,490	\$ 15,000	\$ 7,187
2021	155,000	68,513	75,000	21,340	15,000	6,812
2022	150,000	65,413	85,000	17,720	15,000	6,437
2023	175,000	62,038	35,000	13,650	15,000	6,062
2024	170,000	57,663	35,000	11,830	15,000	5,687
2025-2029	890,000	216,626	175,000	31,850	80,000	22,748
2030-2034	920,000	83,850	35,000	910	100,000	11,250
2035-2038	-	-	-	-	39,999	1,000
	<u>\$ 2,615,000</u>	<u>\$ 625,716</u>	<u>\$ 510,000</u>	<u>\$ 121,790</u>	<u>\$ 294,999</u>	<u>\$ 67,183</u>

Advanced Refunding - Prior

On November 30, 2012, the Township defeased a portion of the 2004 General Obligation Capital Improvement Bonds, which are due and payable October 1, 2015 through October 1, 2033. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest obligations. The Township issued 2012 Refunding Bonds in the amount of \$3,185,000. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the Township's financial statements. At March 31, 2019, bonds due and payable October 1, 2019 through October 1, 2033, for the 2004 General Obligation Capital Improvement Bonds in the amount of \$2,450,000 are considered defeased.

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 8 - RISK MANAGEMENT**

The Township participates in the Michigan Township Participating Plan for auto, property, general, wrongful acts, electronic data processing (EDP), crime, inland marine, law enforcement, employee benefits, public officials, and boiler and machinery. Settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Township carries commercial insurance for the risk of loss due to workers' compensation claims. Settled claims relating to commercial insurance do not exceed the amount of insurance coverage in any of the past three fiscal years.

**NOTE 9 - DEFINED CONTRIBUTION RETIREMENT PLAN**

The Township of Bruce Group Pension Plan is a defined contribution retirement plan administered by the Principal Financial group and available to all of the Township's full-time employees and part-time firefighters. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Township's board, the Township contributes 16% of full-time employees' and 10% or 5% of part-time employees' base earnings depending on job position. In accordance with these requirements, the Township contributed \$253,338 during the current year.

The plan does not issue separate stand-alone financial statements.

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS**

Plan Description

The Bruce Township Other Post-Employment Benefits (OPEB) Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Township. The Plan was established and is being funded under the authority of the Township. The Plan can be amended at the discretion of the Township. The Plan does not issue separate stand-alone financial statements.

Benefits

**Benefits Eligibility**

Elected Officials

Serving one elected term

Fire Fighters

Age 50 with at least 70 points

TPOAM The earlier of age 60 with 15 years of service, or age 55 and 20 years of service, or age 50 with 25 years of service

**Benefits Provided**

Hired prior to July 1, 2017

Elected Officials

Payment of Life Insurance premiums for life.

Fire Fighters

Payment of Medical, Dental, Vision, for the retiree and spouse for life. In addition, payment of Life Insurance premiums for life of the retiree.

TPOAM

Payment of Medical, Dental, and Vision premiums for the retiree and spouse for life. In addition, payment of Life Insurance premiums for life of the retiree.

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (continued)**

Benefits (continued)

Benefits Provided (continued)

Hired on or after July 1, 2017

Elected Officials

Payment of Life Insurance premiums for life.

Fire Fighters

Payment of Medical, Dental, and Vision, Insurance premiums for the retiree and spouse until the retiree reaches Medicare eligibility. In addition, payment of Life Insurance Premiums for the life of the retiree.

TPOAM

Payment of Medical, Dental, Vision, and Life Insurance premiums for the retiree and spouse for life.

Summary of Plan Participants

At the March 31, 2019, valuation date, the following employees were covered by the benefit terms:

Inactive plan members and dependents receiving or entitled to future benefits	19
Active employees covered by the plan	<u>22</u>
	<u><u>41</u></u>

Contributions

The Township has no obligations to make contributions in advance of when the premiums are due for payments (i.e., may be financed on a "pay-as-you-go" basis) except for the normal cost of employees first hired after June 30, 2018, in accordance with Public Act 202 of 2017. The Township is currently only paying premiums of retirees from current, available financial resources. For the year ended March 31, 2019, the Township's only contribution was its portion of premium payments.

Net OPEB Liability

The net OPEB liability of the Township was measured as of March 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined through an actuarial valuation as of that date.

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (continued)**

Actuarial Assumption

The total OPEB liability in the March 31, 2019 valuation was determined using the following assumptions applied to all periods included in the measurement:

Discount rate	3.29%
Salary increases	3.50%
Inflation rate	N/A; plan is not pre-funded
Healthcare cost trend rates	Medical - 8.50% graded down to 4.50% by 0.25% per year; Medicare eligible at 7.00% graded down to 4.50% by 0.25% per year; Dental and Vision premiums at 3.00%
AA 20-year municipal bond rate	3.29%
Probability of accepting benefits	100.00%
Mortality	Public General and Public Safety Headcount-weighted 2010 Employee and Healthy Retiree with MP-2018 Mortality Improvement Scale

As this plan is not pre-funded, no long-term expected rate of return on plan investments was determined.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.29 percent. Because the Plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members. For fiscal years subsequent to the valuation date, projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield and is used to determine the Total OPEB Liability. March 31, 2019, is the first year of required compliance with GASB 75, so there is no required discount rate change to disclose.

Change in Total OPEB Liability

The change in the total OPEB liability for the year ended March 31, 2019, is as follows:

	Increase (Decrease) Total OPEB Liability (a)
Balances at March 31, 2018	\$ 7,845,663
Changes for the year	
Service cost	315,758
Interest on total OPEB liability	266,167
Benefit payments, including employee refunds	<u>(142,420)</u>
Net changes	<u>439,505</u>
Balances as of March 31, 2019	<u><u>\$ 8,285,168</u></u>



**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (continued)**

Summary of Significant Accounting Policies

For purposes of measuring the total other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from the Township's fiduciary net position have been determined on the same basis as they are reported for the Township. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments, if there were any, would be reported at fair value. At March 31, 2019, the Township had no fiduciary plan assets so net position at March 31, 2019, was \$0.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate and health care cost trend rate that is 1-percentage-point lower (2.29%) or 1-percentage-point higher (4.29%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 10,015,179</u>	<u>\$ 8,285,168</u>	<u>\$ 6,967,160</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trends rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 6,867,690</u>	<u>\$ 8,285,168</u>	<u>\$ 10,165,787</u>

OPEB Expense

For the year ended March 31, 2019, the Township recognized OPEB expense of \$581,925.

**NOTE 11 - DETAILS OF FUND BALANCE CLASSIFICATIONS**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established 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 classifications of fund balance 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.

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 11 - DETAILS OF FUND BALANCE CLASSIFICATIONS (continued)**

*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 nonspendable, 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 which fund the deficit occurs in.

**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 resolution by the Township Board.

For assigned fund balance, the Township has not adopted a policy indicating who is to assign amounts to a specific purpose. As a result, this authority is retained by the Township Board.

The Township has not formally adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, the Township considers restricted amounts to have been spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the Township considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

	General Fund	Fire Fund	Advance Life Support Fund	Nonmajor Governmental Funds	Total
Fund Balances					
Nonspendable					
Prepays	\$ 18,052	\$ 6,377	\$ 3,259	\$ -	\$ 27,688
Advances	77,869	-	-	-	77,869
Restricted					
Public safety	-	1,242,584	-	-	1,242,584
Health and welfare	-	-	1,251,809	-	1,251,809
Capital projects	-	-	-	200,550	200,550
Assigned					
Post-employment healthcare	150,000	-	-	-	150,000
Cable expenditures	98,582	-	-	-	98,582
Capital projects	-	-	-	402,653	402,653
Unassigned	1,107,873	-	-	(80,287)	1,027,586
	<u>\$ 1,452,376</u>	<u>\$ 1,248,961</u>	<u>\$ 1,255,068</u>	<u>\$ 522,916</u>	<u>\$ 4,479,321</u>

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 12 - FUND EQUITY DEFICITS**

The Special Assessment District Fund had a deficit balance at March 31, 2019, of \$80,287. The Special Assessment District Fund deficit fund balance was a planned deficit as eligible expenditures were incurred in advance of special assessment revenues. The Township plans to eliminate this deficit through future special assessment collections.

The Sewer System Fund had a deficit unrestricted net position at March 31, 2019, of \$514,919. The Township plans to eliminate this deficit through future charges for services.

**NOTE 13 - CONTINGENT LIABILITY**

The Township has been assessed a tax penalty by the Internal Revenue Service (IRS) of approximately \$185,519 plus interest resulting from the untimely filing of certain tax documents. The Township's management is challenging this claim and believes the chance of the Township being liable is remote.

**NOTE 14 - RESTATEMENT OF NET POSITION**

Beginning net position of the Township has been restated to reflect the implementation of GASB Statement No. 75.

Beginning net position	\$ 1,727,862
Net other post-employment benefit obligation (GASB 45)	5,559,282
Total other post-employment benefit liability (GASB 75)	<u>(7,845,663)</u>
Net prior period adjustments	<u>(2,286,381)</u>
Restated beginning net position	<u><u>\$ (558,519)</u></u>

**NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLES**

GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement requires governments providing other postemployment benefits (OPEB) to recognize their unfunded OPEB obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI).

**TOWNSHIP OF BRUCE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 16 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2019-2020 fiscal year.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement will increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2020-2021 fiscal year.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2019-2020 fiscal year.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statement No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2019 fiscal year.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF BRUCE  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)  
YEAR ENDED MARCH 31, 2019**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Property taxes	\$ 504,500	\$ 531,200	\$ 483,480	\$ (47,720)
Licenses and permits	112,500	112,500	104,447	(8,053)
Intergovernmental				
Federal	5,000	5,000	-	(5,000)
State shared revenue	581,000	581,000	591,792	10,792
Local community stabilization	88,000	88,000	95,530	7,530
Metro act	6,500	6,500	6,559	59
Other	4,850	4,850	4,994	144
Charges for services	16,400	19,800	99,695	79,895
Interest	3,000	4,210	4,436	226
Other	6,400	11,211	11,969	758
<b>TOTAL REVENUES</b>	<b>1,328,150</b>	<b>1,364,271</b>	<b>1,402,902</b>	<b>38,631</b>
<b>EXPENDITURES</b>				
Current				
General government				
Township board	22,851	22,851	21,569	1,282
Supervisor	55,302	55,302	55,884	(582)
Elections	16,700	22,609	22,007	602
Assessor	129,514	129,514	129,291	223
Legal fees	8,000	8,000	7,300	700
Clerk	105,504	105,504	105,475	29
General office	61,003	61,003	56,092	4,911
Accounting and audit	64,270	64,270	63,117	1,153
Board of Review	1,900	1,900	1,672	228
Tax roll preparation	5,800	5,800	5,662	138
Treasurer	82,667	82,667	77,519	5,148
Building and grounds	43,400	43,400	41,119	2,281
Total general government	596,911	602,820	586,707	16,113
Public works				
Zoning board of appeals	2,400	2,400	1,255	1,145
Inspections	133,484	133,484	133,450	34
Street lighting	13,500	13,500	10,989	2,511
Engineering	2,500	500	-	500
Planning	23,050	28,600	29,829	(1,229)
Road chloride and paving	33,000	23,500	421,893	(398,393)
Ordinance enforcement	4,900	6,300	7,000	(700)
Cemeteries	17,125	19,125	18,564	561
Total public works	229,959	227,409	622,980	(395,571)

**TOWNSHIP OF BRUCE  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS) (continued)  
YEAR ENDED MARCH 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Current (continued)				
Other				
Insurance and other	\$ 187,137	\$ 222,957	\$ 221,886	\$ 1,071
Pension plan	75,085	75,085	77,296	(2,211)
Employer payroll taxes	38,385	38,385	40,547	(2,162)
Total other	300,607	336,427	339,729	(3,302)
Capital outlay	22,887	19,829	10,546	9,283
Debt service	102,786	102,786	93,172	9,614
TOTAL EXPENDITURES	1,253,150	1,289,271	1,653,134	(363,863)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	75,000	75,000	(250,232)	(325,232)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	400,000	400,000
Transfers out	(75,000)	(75,000)	(75,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(75,000)	(75,000)	325,000	400,000
NET CHANGE IN FUND BALANCE (prior to adjustments for GASB Statement No. 54)	\$ -	\$ -	74,768	\$ 74,768
Net adjustments for GASB Statement No. 54			5,371	
Net change in fund balance, end of year			\$ 80,139	

**TOWNSHIP OF BRUCE  
FIRE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED MARCH 31, 2019**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 793,500	\$ 793,500	\$ 787,035	\$ (6,465)
Charges for services	151,000	186,150	171,604	(14,546)
Interest	4,500	6,500	8,171	1,671
Other	1,000	1,741	1,675	(66)
TOTAL REVENUES	950,000	987,891	968,485	(19,406)
EXPENDITURES				
Current				
Public safety	849,277	882,168	899,691	(17,523)
Capital outlay	43,409	48,409	810	47,599
Debt service	57,314	57,314	57,314	-
TOTAL EXPENDITURES	950,000	987,891	957,815	30,076
EXCESS OF REVENUES OVER EXPENDITURES	-	-	10,670	10,670
Fund balance, beginning of year	1,238,291	1,238,291	1,238,291	-
Fund balance, end of year	<u>\$ 1,238,291</u>	<u>\$ 1,238,291</u>	<u>\$ 1,248,961</u>	<u>\$ 10,670</u>



**TOWNSHIP OF BRUCE  
ADVANCED LIFE SUPPORT FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED MARCH 31, 2019**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 1,155,500	\$ 1,155,500	\$ 1,150,823	\$ (4,677)
Intergovernmental	-	16,000	16,000	-
Charges for services	832,000	949,000	979,996	30,996
Interest	2,500	4,900	6,301	1,401
Other	1,200	5,700	5,512	(188)
<b>TOTAL REVENUES</b>	<b>1,991,200</b>	<b>2,131,100</b>	<b>2,158,632</b>	<b>27,532</b>
<b>EXPENDITURES</b>				
Current				
Health and welfare	1,799,345	1,881,945	1,844,929	37,016
Capital outlay	91,855	149,155	95,360	53,795
<b>TOTAL EXPENDITURES</b>	<b>1,891,200</b>	<b>2,031,100</b>	<b>1,940,289</b>	<b>90,811</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>100,000</b>	<b>100,000</b>	<b>218,343</b>	<b>118,343</b>
<b>OTHER FINANCING (USES)</b>				
Transfers out	(100,000)	(100,000)	-	100,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>218,343</b>	<b>218,343</b>
Fund balance, beginning of year	1,036,725	1,036,725	1,036,725	-
Fund balance, end of year	<u>\$ 1,036,725</u>	<u>\$ 1,036,725</u>	<u>\$ 1,255,068</u>	<u>\$ 218,343</u>

**TOWNSHIP OF BRUCE**  
**SCHEDULE OF CHANGES IN EMPLOYER'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**LAST MEASUREMENT DATE (ULTIMATELY TEN YEARS WILL BE DISPLAYED)**  
**(AMOUNTS WERE DETERMINED AS OF 3/31 OF EACH YEAR)**

	<u>2019</u>
Total OPEB liability	
Service cost	\$ 315,758
Interest	266,167
Changes in actuarial assumptions	-
Difference between actual and expected experience	-
Difference between expected and actual return on asset	-
Change in actuarial method	-
Benefit payments, including employee refunds	<u>(142,420)</u>
Net change in total OPEB liability	439,505
Total OPEB liability, beginning	<u>7,845,663</u>
Total OPEB liability, ending	<u><u>\$ 8,285,168</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%
Covered employee payroll	\$ 1,304,888
Township's net OPEB liability as a percentage of covered employee payroll	635%

**TOWNSHIP OF BRUCE  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST FISCAL YEAR (ULTIMATELY TEN YEARS WILL BE DISPLAYED)  
(AMOUNTS WERE DETERMINED AS OF 3/31 OF EACH YEAR)  
YEAR ENDED MARCH 31, 2019**

	<u>2019</u>
Actuarially determined employer contribution	\$ 588,392
Employer contribution (benefit payment)	<u>142,420</u>
Contribution deficiency/(Excess)	<u>\$ 445,972</u>
Covered employee payroll	\$ 1,304,888
Contribution as a percentage of payroll	11%

**TOWNSHIP OF BRUCE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED MARCH 31, 2019**

**NOTE 1 - BUDGET/GAAP RECONCILIATION**

The Township budgets the activities of the Cable Franchise Fund separately from the General Fund. For financial reporting purposes and the GAAP-basis basic financial statements, however, the activity of the Cable Franchise Fund is combined with the General Fund as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The budgetary perspective difference shown on the General Fund Budgetary Comparison Schedule (Non-GAAP basis) reconciles the change in fund balance to the GAAP basis basic financial statements and the details related to these amounts are as follows:

Net change in fund balance (budgetary basis)	\$ 74,768
To adjust charges for services pertaining to Cable Franchise Fund	105,804
To adjust interest revenue pertaining to Cable Franchise Fund	82
To adjust public works expenditures pertaining to Cable Franchise Fund	<u>(100,515)</u>
Net change in fund balance (GAAP basis)	<u><u>\$ 80,139</u></u>

**NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The Township's budgeted expenditures in the General and major Special Revenue Funds have been shown at the functional classification level. The approved budgets of the Township have been adopted at the activity level for the General Fund and total expenditure level for the Special Revenue Funds.

During the year ended March 31, 2019, the Township incurred expenditures in various General Fund activities more than the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Current			
General government			
Supervisor	\$ 55,302	\$ 55,884	\$ 582
Public works			
Planning	28,600	29,829	1,229
Road chloride and paving	23,500	421,893	398,393
Ordinance enforcement	6,300	7,000	700
Other			
Pension plan	75,085	77,296	2,211
Employer payroll taxes	38,385	40,547	2,162

## **OTHER SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF BRUCE  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
MARCH 31, 2019**

	<u>Capital Projects Funds</u>		
	<u>Improvement Revolving</u>	<u>Special Assessment District</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 213,225	\$ -	\$ 213,225
Investments	5,113	-	5,113
Taxes receivable	-	467	467
Special assessment receivable	-	91,544	91,544
Due from other funds	384,865	-	384,865
<b>TOTAL ASSETS</b>	<u>\$ 603,203</u>	<u>\$ 92,011</u>	<u>\$ 695,214</u>
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ 80,754	\$ 80,754
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	91,544	91,544
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	200,550	-	200,550
Assigned	402,653	-	402,653
Unassigned	-	(80,287)	(80,287)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>603,203</u>	<u>(80,287)</u>	<u>522,916</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<u>\$ 603,203</u>	<u>\$ 92,011</u>	<u>\$ 695,214</u>

**TOWNSHIP OF BRUCE  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED MARCH 31, 2019**

	Capital Projects Funds		
	Improvement Revolving	Special Assessment District	Total
REVENUES			
Special assessments	\$ -	\$ 67,556	\$ 67,556
Interest	-	1,127	1,127
TOTAL REVENUES	-	68,683	68,683
EXPENDITURES			
Current			
Public works	-	143,529	143,529
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(74,846)	(74,846)
OTHER FINANCING SOURCES			
Transfers in	75,000	-	75,000
NET CHANGE IN FUND BALANCES	75,000	(74,846)	154
Fund balances (deficits), beginning of year	528,203	(5,441)	522,762
Fund balances (deficits), end of year	<u>\$ 603,203</u>	<u>\$ (80,287)</u>	<u>\$ 522,916</u>

**TOWNSHIP OF BRUCE  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
MARCH 31, 2019**

	General Agency	Current Tax Collection	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 195,234	\$ 30,614	\$ 225,848
Due from others	1,473	-	1,473
Due from other governmental units	-	96,952	96,952
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 196,707</u></u>	<u><u>\$ 127,566</u></u>	<u><u>\$ 324,273</u></u>
<b>LIABILITIES</b>			
Due to others	\$ 13,745	\$ 49,701	\$ 63,446
Due to other governmental units	-	77,865	77,865
Deposits	182,962	-	182,962
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 196,707</u></u>	<u><u>\$ 127,566</u></u>	<u><u>\$ 324,273</u></u>