

**TOWNSHIP OF BRUCE
MACOMB COUNTY, MICHIGAN**

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

YEAR ENDED MARCH 31, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Township of Bruce's basic financial statements as listed in the table of contents.

In our opinion, 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township of Bruce and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Bruce's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Township of Bruce's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Bruce's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other post-employment benefit schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Bruce's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. In our opinion, other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2023, on our consideration of the Township of Bruce's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Bruce's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Bruce's internal control over financial reporting and compliance.

Manes Costeiran PC

September 15, 2023

TOWNSHIP OF BRUCE MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2023. 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, 2023:

- The Township's net position in the governmental activities increased by \$1,504,024 during the 2022-2023 fiscal year.
- Property tax revenue in the governmental activities increased by \$209,319 during the 2022-2023 fiscal year.
- The Township's net position in the business-type activities increased by \$203,080 during the 2022-2023 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

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 22-46 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**

The Township as a Whole

The following table shows, in a condensed format, a comparative analysis of the net position as of March 31, 2023 and March 31, 2022.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and other assets	\$ 7,559,578	\$ 7,106,627	\$ (933,952)	\$ (1,145,068)	\$ 6,625,626	\$ 5,961,559
Capital assets	3,156,433	2,651,916	6,026,045	6,187,498	9,182,478	8,839,414
TOTAL ASSETS	10,716,011	9,758,543	5,092,093	5,042,430	15,808,104	14,800,973
DEFERRED OUTFLOWS OF RESOURCES	879,745	134,682	162,380	177,142	1,042,125	311,824
LIABILITIES						
Current liabilities	1,044,131	1,147,260	379,606	326,301	1,423,737	1,473,561
Noncurrent liabilities	6,725,624	5,217,097	2,257,234	2,478,718	8,982,858	7,695,815
TOTAL LIABILITIES	7,769,755	6,364,357	2,636,840	2,805,019	10,406,595	9,169,376
DEFERRED INFLOWS OF RESOURCES	1,609,124	2,816,015	-	-	1,609,124	2,816,015
NET POSITION						
Net investment in capital assets	2,153,221	1,852,562	3,709,707	3,482,296	5,862,928	5,334,858
Restricted	2,790,117	2,597,239	-	-	2,790,117	2,597,239
Unrestricted	(2,726,461)	(3,736,948)	(1,092,074)	(1,067,743)	(3,818,535)	(4,804,691)
TOTAL NET POSITION	\$ 2,216,877	\$ 712,853	\$ 2,617,633	\$ 2,414,553	\$ 4,834,510	\$ 3,127,406

Net position may serve over time as a useful indicator of a government's financial position. The Township's governmental activities liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,216,877 as of March 31, 2023. The Township's business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,617,633 as of March 31, 2023. 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 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 represents resources that are subject to external restrictions on how they may be used.

**TOWNSHIP OF BRUCE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Township's total change in net position was an increase of \$1,707,104 during the current year as indicated below.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenue						
Charges for services	\$ 1,704,949	\$ 1,567,708	\$ 1,228,474	\$ 944,636	\$ 2,933,423	\$ 2,512,344
Operating grants and contributions	127,447	184,038	-	-	127,447	184,038
Capital grants and contributions	529,449	16,589	-	-	529,449	16,589
General revenue						
Property taxes	2,966,525	2,757,206	-	-	2,966,525	2,757,206
State shared revenue	820,220	788,809	-	-	820,220	788,809
Investment earnings	5,534	2,007	5,683	11,278	11,217	13,285
Sale of capital assets	23,806	-	-	-	23,806	-
Miscellaneous	78,556	46,600	-	-	78,556	46,600
TOTAL REVENUE	6,256,486	5,362,957	1,234,157	955,914	7,490,643	6,318,871
PROGRAM EXPENSES						
General government	801,591	680,493	-	-	801,591	680,493
Public safety	1,449,313	1,502,102	-	-	1,449,313	1,502,102
Public works	83,272	101,095	-	-	83,272	101,095
Health and welfare	2,299,918	1,899,765	-	-	2,299,918	1,899,765
Community and econ. development	84,104	52,368	-	-	84,104	52,368
Sewer system	-	-	532,558	514,634	532,558	514,634
Water system	-	-	498,519	451,808	498,519	451,808
Interest on long-term debt	34,264	24,662	-	-	34,264	24,662
TOTAL PROGRAM EXPENSES	4,752,462	4,260,485	1,031,077	966,442	5,783,539	5,226,927
Change in Net Position	\$ 1,504,024	\$ 1,102,472	\$ 203,080	\$ (10,528)	\$ 1,707,104	\$ 1,091,944

Governmental Activities

The net position of the Township's governmental activities increased \$1,504,024 during fiscal year 2023. Although the Township's revenues increased approximately 17% and the expenses increased approximately 12% from fiscal year 2022, the Township continues to analyze ways to obtain revenue or cut expenses without losing service. A key element related to the change in net position is the public safety and health and welfare expenses which are approximately 78% of the total expenses and includes fire and ambulance services. The primary factors resulting in the increase in net position were the increase in State shared revenue, operating grants and contributions, and Local community stabilization funding.

Business-Type Activities

The net position of the Township's business-type activities decreased by \$203,080 during fiscal year 2023. The total expenses increased approximately 7%. The revenues also increased approximately 29%, which resulted in the business-type activities increasing overall as the revenues were more than expenses. The majority of the revenue is generated through charges for services, which makes up more than 99% of the total business-type activities revenue. Along with a rate increase mid-year, a review of billing accounts and meters was performed to ensure proper billing amounts that increased charges for services revenue. A rate study was completed following the fiscal year end providing guidance to the Township Board for future rate changes.

TOWNSHIP OF BRUCE MANAGEMENT'S DISCUSSION AND ANALYSIS

The Township's Funds

Governmental Funds. The analysis of the Township's major funds begins on page 13, 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, 2023, 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 general government, which incurred expenditures of \$2,129,749 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 \$1,078,798 and \$2,863,722 respectively, of which \$998,749 and \$2,403,781 were for fire and ambulance operations, respectively. 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 \$152,519 and a deficit of \$1,082,213, respectively. The increase in net position for the Sewer System was \$442,251; while the decrease in net position for the Water System was \$239,171. 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 change to fund balance. After all budget adjustments were made, the Township anticipated a usage of fund balance of \$901, although both the General Fund's budgeted revenues and expenditures were increased by \$494,041 and \$494,942, respectively, throughout the year. Actual expenditures came in \$98,631 under the final budgeted amount adopted by the Township's Board of Trustees. Actual revenues were \$111,323 more than the final anticipated amount with the actual net change in fund balance being an increase of \$209,053. This increase in fund balance was the result of higher than anticipated local community stabilization funds and state shared revenue along with reduced spending in many of the Township's departments.

Capital Asset and Debt Administration

Capital Assets. At the end of the fiscal year, the Township had approximately \$9,182,478 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 2023, the net capital assets increased \$343,064 due to annual depreciation and purchase of new vehicles and equipment. Further details related to the Township's capital assets can be found in Note 5 to the financial statements.

Long-Term Obligations. The Township's long-term obligations, of governmental and business-type, decreased by approximately \$33,266 during fiscal year 2023 due to required annual payments. The carrying amount of the Township's obligation for compensated absences, included in the long-term obligations, was \$259,617 at fiscal year-end. Further details related to the Township's long-term obligations can be found in Note 6 to the financial statements.

**TOWNSHIP OF BRUCE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Current Economic Factors

Property taxes represents the largest revenue source for the Township which increased approximately 8% during fiscal year 2023. As property values increase on existing parcels and new construction in both residential and industrial sectors rise, tax revenues are also expected to increase.

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, 2023**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,519,998	\$ 481,559	\$ 4,001,557
Current portion of receivables	155,013	241,048	396,061
Due from other governmental units	204,428	-	204,428
Internal balances	1,644,984	(1,644,984)	-
Prepays	102,788	-	102,788
Total current assets	<u>5,627,211</u>	<u>(922,377)</u>	<u>4,704,834</u>
Noncurrent assets			
Internal balances	77,869	(77,869)	-
Noncurrent portion of receivables	22,000	66,294	88,294
Investment in Romeo, Washington, Bruce Parks and Recreation Commission	1,291,000	-	1,291,000
Investment in Washington and Bruce Senior Transportation through Advanced Reservation Commission	541,498	-	541,498
Capital assets not being depreciated	661,478	11,760	673,238
Capital assets being depreciated, net	2,494,955	6,014,285	8,509,240
Total noncurrent assets	<u>5,088,800</u>	<u>6,014,470</u>	<u>11,103,270</u>
TOTAL ASSETS	<u>10,716,011</u>	<u>5,092,093</u>	<u>15,808,104</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges, net of amortization	-	162,380	162,380
Deferred outflows related to other post-employment benefits	879,745	-	879,745
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>879,745</u>	<u>162,380</u>	<u>1,042,125</u>
LIABILITIES			
Current liabilities			
Accounts payable	90,534	158,122	248,656
Accrued liabilities	131,405	-	131,405
Unearned revenue	422,149	-	422,149
Current portion of compensated absences	216,920	-	216,920
Current portion of long-term debt	183,123	221,484	404,607
Total current liabilities	<u>1,044,131</u>	<u>379,606</u>	<u>1,423,737</u>
Noncurrent liabilities			
Noncurrent portion of compensated absences	42,697	-	42,697
Noncurrent portion of long-term debt	820,089	2,257,234	3,077,323
Net other post-employment benefits liability	5,862,838	-	5,862,838
Total noncurrent liabilities	<u>6,725,624</u>	<u>2,257,234</u>	<u>8,982,858</u>
TOTAL LIABILITIES	<u>7,769,755</u>	<u>2,636,840</u>	<u>10,406,595</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to other post-employment benefits	1,609,124	-	1,609,124
NET POSITION			
Net investment in capital assets	2,153,221	3,709,707	5,862,928
Restricted			
Public safety	1,275,371	-	1,275,371
Health and welfare	1,328,419	-	1,328,419
Capital projects	186,327	-	186,327
Unrestricted	<u>(2,726,461)</u>	<u>(1,092,074)</u>	<u>(3,818,535)</u>
TOTAL NET POSITION	<u>\$ 2,216,877</u>	<u>\$ 2,617,633</u>	<u>\$ 4,834,510</u>

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 801,591	\$ 326,626	\$ 118,204	\$ 494,040	\$ 137,279	\$ -	\$ 137,279
Public safety	1,449,313	144,171	-	19,696	(1,285,446)	-	(1,285,446)
Public works	83,272	20,325	9,243	9,328	(44,376)	-	(44,376)
Health and welfare	2,299,918	1,079,760	-	6,385	(1,213,773)	-	(1,213,773)
Community and economic development	84,104	-	-	-	(84,104)	-	(84,104)
Recreation and culture	-	134,067	-	-	134,067	-	134,067
Interest on long-term debt	34,264	-	-	-	(34,264)	-	(34,264)
Total governmental activities	<u>4,752,462</u>	<u>1,704,949</u>	<u>127,447</u>	<u>529,449</u>	<u>(2,390,617)</u>	<u>-</u>	<u>(2,390,617)</u>
Business-type activities							
Sewer system	532,558	974,799	-	-	-	442,241	442,241
Water system	498,519	253,675	-	-	-	(244,844)	(244,844)
Total business-type activities	<u>1,031,077</u>	<u>1,228,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,397</u>	<u>197,397</u>
Total government	<u>\$ 5,783,539</u>	<u>\$ 2,933,423</u>	<u>\$ 127,447</u>	<u>\$ 529,449</u>	<u>(2,390,617)</u>	<u>197,397</u>	<u>(2,193,220)</u>
General revenues							
Property taxes					2,966,525	-	2,966,525
State shared revenues					820,220	-	820,220
Investment earnings					5,534	5,683	11,217
Sale of capital assets					23,806	-	23,806
Miscellaneous					78,556	-	78,556
Total general revenues					<u>3,894,641</u>	<u>5,683</u>	<u>3,900,324</u>
Change in net position					1,504,024	203,080	1,707,104
Net position, beginning of the year					<u>712,853</u>	<u>2,414,553</u>	<u>3,127,406</u>
Net position, end of the year					<u>\$ 2,216,877</u>	<u>\$ 2,617,633</u>	<u>\$ 4,834,510</u>

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE
GOVERNMENTAL FUNDS
BALANCE SHEET
MARCH 31, 2023**

	General Fund	Fire Fund	Advanced Life Support Fund	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 598,839	\$ 1,275,492	\$ 1,431,126	\$ 214,541	\$ 3,519,998
Receivables					
Accounts	29,876	21,630	67,598	-	119,104
Taxes	1,821	-	-	-	1,821
Special assessments	-	-	-	34,088	34,088
Long-term receivable	22,000	-	-	-	22,000
Due from other governmental units	204,428	-	-	-	204,428
Due from other funds	1,394,984	10,047	-	374,439	1,779,470
Advances to other funds	77,869	-	-	-	77,869
Prepays	29,626	30,939	42,223	-	102,788
	<u>2,359,443</u>	<u>1,338,108</u>	<u>1,540,947</u>	<u>623,068</u>	<u>5,861,566</u>
TOTAL ASSETS					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
LIABILITIES					
Accounts payable	\$ 68,692	\$ 13,056	\$ 8,786	\$ -	\$ 90,534
Accrued liabilities	19,757	49,681	61,967	-	131,405
Due to other funds	124,439	-	-	10,047	134,486
Unearned revenue	280,374	-	141,775	-	422,149
	<u>493,262</u>	<u>62,737</u>	<u>212,528</u>	<u>10,047</u>	<u>778,574</u>
TOTAL LIABILITIES					
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	31,365	-	-	34,088	65,453
FUND BALANCES (DEFICITS)					
Nonspendable	129,495	30,939	42,223	-	202,657
Restricted	-	1,244,432	1,286,196	186,327	2,716,955
Assigned	-	-	-	402,653	402,653
Unassigned	1,705,321	-	-	(10,047)	1,695,274
	<u>1,834,816</u>	<u>1,275,371</u>	<u>1,328,419</u>	<u>578,933</u>	<u>5,017,539</u>
TOTAL FUND BALANCES					
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
	<u>\$ 2,359,443</u>	<u>\$ 1,338,108</u>	<u>\$ 1,540,947</u>	<u>\$ 623,068</u>	<u>\$ 5,861,566</u>

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
YEAR ENDED MARCH 31, 2023**

Total Fund Balances - Governmental Funds \$ 5,017,539

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.

Romeo, Washington, and Bruce Parks and Recreation Commission	\$ 1,291,000	
Washington and Bruce Townships Senior Transportation through Advanced Reservation Commission (S.T.A.R.)	<u>541,498</u>	
		1,832,498

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	9,364,830	
Accumulated depreciation is	<u>(6,208,397)</u>	
Capital assets, net		3,156,433

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

Unavailable revenue		65,453
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Governmental funds report actual OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the OPEB liability as of the measurement date. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual OPEB plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to OPEB	879,745	
Deferred inflows of resources related to OPEB	<u>(1,609,124)</u>	
		(729,379)

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	(259,617)	
Direct obligations	(1,003,212)	
Net other post-employment benefits liability	<u>(5,862,838)</u>	
		<u>(7,125,667)</u>

Net Position of Governmental Activities \$ 2,216,877

**TOWNSHIP OF BRUCE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2023**

	General Fund	Fire Fund	Advanced Life Support Fund	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	\$ 545,842	\$ 983,170	\$ 1,437,513	\$ -	\$ 2,966,525
Special assessments	-	-	-	7,175	7,175
Licenses and permits	263,796	-	-	-	263,796
Intergovernmental	1,441,707	19,696	6,385	-	1,467,788
Charges for services	85,174	161,981	1,039,228	-	1,286,383
Interest	696	4,168	670	2,153	7,687
Other	1,587	1,052	916	75,001	78,556
TOTAL REVENUES	2,338,802	1,170,067	2,484,712	84,329	6,077,910
EXPENDITURES					
Current					
General government	1,459,487	-	-	-	1,459,487
Public safety	322,482	998,749	-	-	1,321,231
Public works	127,312	-	-	-	127,312
Health and welfare	-	-	2,403,781	-	2,403,781
Community and economic development	84,104	-	-	-	84,104
Capital outlay	53,204	22,735	459,941	-	535,880
Debt service	83,160	57,314	-	-	140,474
TOTAL EXPENDITURES	2,129,749	1,078,798	2,863,722	-	6,072,269
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	209,053	91,269	(379,010)	84,329	5,641
OTHER FINANCING SOURCES					
Sale of capital assets	-	23,806	-	-	23,806
Debt proceeds	-	-	381,812	-	381,812
TOTAL OTHER FINANCING SOURCES	-	23,806	381,812	-	405,618
NET CHANGE IN FUND BALANCES	209,053	115,075	2,802	84,329	411,259
Fund balances, beginning of year	1,625,763	1,160,296	1,325,617	494,604	4,606,280
Fund balances, end of year	<u>\$ 1,834,816</u>	<u>\$ 1,275,371</u>	<u>\$ 1,328,419</u>	<u>\$ 578,933</u>	<u>\$ 5,017,539</u>

See accompanying notes to financial statements.

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, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 411,259

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	\$ 134,067	
Washington and Bruce Townships Senior Transportation through Advanced Reservation Commission (S.T.A.R.)	40,532	
	<u>40,532</u>	174,599

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	736,675	
Depreciation	(232,158)	
	<u>(232,158)</u>	
Excess of capital outlay over depreciation expense		504,517

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	(19,829)
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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 proceeds	(381,812)	
Debt principal retirement	177,954	
	<u>177,954</u>	
		(203,858)

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:

Decrease in compensated absences	10,640	
(Increase) in net other post-employment benefits liability	(1,325,258)	
Increase in deferred outflows of resources related to OPEB	745,063	
Decrease in deferred inflows of resources related to OPEB	1,206,891	
	<u>1,206,891</u>	
		<u>637,336</u>

Change in Net Position of Governmental Activities	\$ 1,504,024
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**TOWNSHIP OF BRUCE
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 YEAR ENDED MARCH 31, 2023**

	Sewer System Fund	Water System Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 325,433	\$ 156,126	\$ 481,559
Receivables			
Customers	195,501	28,974	224,475
Current portion of special assessments	-	16,573	16,573
Due from other funds	47,511	-	47,511
	<u>568,445</u>	<u>201,673</u>	<u>770,118</u>
Total current assets			
Noncurrent assets			
Noncurrent portion of special assessments receivable	-	66,294	66,294
Capital assets, not being depreciated	-	11,760	11,760
Capital assets, net of accumulated depreciation	5,252,405	761,880	6,014,285
	<u>5,252,405</u>	<u>839,934</u>	<u>6,092,339</u>
Total noncurrent assets			
	<u>5,820,850</u>	<u>1,041,607</u>	<u>6,862,457</u>
TOTAL ASSETS			
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges, net of amortization	162,380	-	162,380
	<u>162,380</u>	<u>-</u>	<u>162,380</u>
LIABILITIES			
Current liabilities			
Accounts payable	56,152	101,970	158,122
Due to other funds	444,285	1,248,210	1,692,495
Current portion of long-term debt	187,284	34,200	221,484
	<u>687,721</u>	<u>1,384,380</u>	<u>2,072,101</u>
Total current liabilities			
Noncurrent liabilities			
Advances from other funds	77,869	-	77,869
Noncurrent portion of long-term debt	2,052,834	204,400	2,257,234
	<u>2,130,703</u>	<u>204,400</u>	<u>2,335,103</u>
Total noncurrent liabilities			
	<u>2,818,424</u>	<u>1,588,780</u>	<u>4,407,204</u>
TOTAL LIABILITIES			
NET POSITION			
Net investment in capital assets	3,174,667	535,040	3,709,707
Unrestricted	(9,861)	(1,082,213)	(1,092,074)
	<u>3,174,667</u>	<u>535,040</u>	<u>3,709,707</u>
	<u>(9,861)</u>	<u>(1,082,213)</u>	<u>(1,092,074)</u>
TOTAL NET POSITION			
	<u>\$ 3,164,806</u>	<u>\$ (547,173)</u>	<u>\$ 2,617,633</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, 2023**

	<u>Sewer System Fund</u>	<u>Water System Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	<u>\$ 974,799</u>	<u>\$ 253,675</u>	<u>\$ 1,228,474</u>
OPERATING EXPENSES			
Cost of sewage disposal	273,738	-	273,738
Operation and maintenance	32,931	466,267	499,198
Depreciation and amortization	<u>158,539</u>	<u>16,192</u>	<u>174,731</u>
 TOTAL OPERATING EXPENSES	 <u>465,208</u>	 <u>482,459</u>	 <u>947,667</u>
 OPERATING INCOME (LOSS)	 <u>509,591</u>	 <u>(228,784)</u>	 <u>280,807</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	10	5,673	5,683
Interest and fees expense	<u>(67,350)</u>	<u>(16,060)</u>	<u>(83,410)</u>
 TOTAL NONOPERATING REVENUES (EXPENSES)	 <u>(67,340)</u>	 <u>(10,387)</u>	 <u>(77,727)</u>
 CHANGE IN NET POSITION	 442,251	 (239,171)	 203,080
Net position, beginning of year	<u>2,722,555</u>	<u>(308,002)</u>	<u>2,414,553</u>
Net position, end of year	<u>\$ 3,164,806</u>	<u>\$ (547,173)</u>	<u>\$ 2,617,633</u>

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 MARCH 31, 2023**

	Sewer System Fund	Water System Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 918,072	\$ 242,177	\$ 1,160,249
Cash paid to suppliers	(302,738)	(409,135)	(711,873)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	615,334	(166,958)	448,376
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipt (payment) of interfund balances	(142,754)	268,300	125,546
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments on borrowings	(190,000)	(35,000)	(225,000)
Special assessments received	441	13,339	13,780
Interest and fees paid	(67,350)	(16,060)	(83,410)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(256,909)	(37,721)	(294,630)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	10	5,673	5,683
NET INCREASE IN CASH AND CASH EQUIVALENTS	215,681	69,294	284,975
Cash and cash equivalents, beginning of year	109,752	86,832	196,584
Cash and cash equivalents, end of year	\$ 325,433	\$ 156,126	\$ 481,559
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 509,591	\$ (228,784)	\$ 280,807
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation and amortization	158,539	16,192	174,731
(Increase) decrease in:			
Receivables	(56,727)	(11,498)	(68,225)
Prepays	2,008	750	2,758
Increase in:			
Accounts payable	1,923	56,382	58,305
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 615,334	\$ (166,958)	\$ 448,376

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
MARCH 31, 2023**

	Other Post- Employment Benefits Trust Fund	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 185,842
Investments	492,954	-
Due from others	-	134,154
TOTAL ASSETS	492,954	319,996
LIABILITIES		
Due to others	-	108,954
Due to other governmental units	-	142,573
Deposits	-	68,469
TOTAL LIABILITIES	-	319,996
NET POSITION		
Restricted for		
Other post-employment benefits (health insurance)	\$ 492,954	\$ -

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED MARCH 31, 2023**

	Other Post- Employment Benefits Trust Fund	Custodial Funds
ADDITIONS		
Contributions - employer	\$ 282,775	\$ -
Investment earnings	(8,637)	-
Property tax collections for other governmental units	-	21,402,142
Collections for others	-	2,959,380
	<u>274,138</u>	<u>24,361,522</u>
DEDUCTIONS		
Benefit payments	212,775	-
Administrative expenses	780	-
Property tax distributions to other governmental units	-	21,402,142
Distributions to others	-	2,959,380
	<u>213,555</u>	<u>24,361,522</u>
NET INCREASE IN FIDUCIARY NET POSITION	60,583	-
Net position, beginning of year	<u>432,371</u>	<u>-</u>
Net position, end of year	<u>\$ 492,954</u>	<u>\$ -</u>

See accompanying notes to financial statements.

TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - 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 twelve 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.

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.

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 \$1,291,000 and \$541,498 in the Romeo, Washington, Bruce Parks and Recreation Commission, and the Washington and Bruce Townships Senior Transportation thru Advanced Reservation Commission, respectively, was calculated as of March 31, 2022, the most recent financial statements available, and 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**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Jointly Governed Organization

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 Library's administrative office.

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 services.

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 property taxes, interest, 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 support columns in the fund financial statements.

The Township reports the following *Major Governmental Funds*:

- a. 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.
- b. 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**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS (continued)

- c. 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*:

- a. 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.
- b. 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.

Additionally, the Township reports the following *Fund Types*:

- a. *Custodial Funds* account for assets held by the County as a custodian for other governments, private organizations, or individuals. The Township's custodial funds are the General Custodial Fund and current Tax Collection Fund.
- b. *Component Unit Fiduciary Funds* are used to account for the assets held in a trustee capacity. The Other Post-Employment Benefits Trust fund accounts for assets held by MERS to fund future medical, dental, vision, and life insurance for eligible retirees and their beneficiaries.

Measurement Focus

The government-wide, proprietary, and fiduciary 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.

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**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

The fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the Township to disburse fiduciary resources.

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.

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 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. The Township employs the following budgetary data reflected in the financial statements.

- a. 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.
- b. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
- c. 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.
- d. Formal budgetary integration is employed as a management control device during the year.

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

- e. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused by March 31 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year.

Cash and Investments

Cash and cash equivalents consist of checking and savings accounts. Investments consist of the MERS Total Market Portfolio. Only the participants in a MERS Plan can invest in MERS Funds, which are managed in a separate account in a collective trust, specifically for MERS Plans. Investments are recorded at fair value.

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.
- 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.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

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

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.

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.

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
Machinery and equipment	4 - 30 years
Vehicles	5 - 25 years
Sewer system	60 years
Water system	60 years

TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, proprietary funds statement of net position, or in the governmental funds balance sheet.

The Township reports deferred amounts which correspond to the Township's OPEB benefits and are related to differences between expected and actual experience, changes in assumptions, and differences between projected and actual OPEB plan investment earnings. These amounts are deferred in the government-wide and proprietary fund financial statements and are recognized as an outflow or inflow of resources in the period in which they apply.

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.

Unearned Revenue

Unearned revenue is reported in connection with resources that have been received, but not yet earned.

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, 2023, including related payroll taxes, is recorded entirely in the government-wide financial statements.

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.

TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations (continued)

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.

Other Post-Employment Benefits (OPEB)

The Township offers retiree healthcare benefits to its employees. The Township records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2023, the Township levied 0.7395 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 2022 levy for the property within the Township was \$580,892,232.

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.

TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services and construct assets. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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.

Fund Balance Classifications

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:

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

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

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

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

Unassigned - all other resources; the remaining fund balance after 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.

TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classification Policies and Procedures (continued)

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, then assigned, and finally 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.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS

As of March 31, 2023, the Township had deposits subject to the following risk:

Custodial Credit Risk - 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, 2023, \$3,602,507 of the Township's bank balance of \$4,267,236 was exposed to custodial credit risk because it was uninsured and uncollateralized. The balance of \$4,186,549 is reported on the financial statements as of March 31, 2023. The financial statements report \$850 of imprest cash on hand.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Township will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and investing through pre-approved third-party custodians.

Interest Rate Risk

In accordance with its investment policy, 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.

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS (continued)

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.

Foreign Currency Risk

The Township is not authorized to invest in investments which have this type of risk.

Investments in Entities that Calculate Net Asset Value Per Share

The Township holds shares or interest in the MERS total market fund where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. MERS invests assets in a manner which will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants.

At the year ended March 31, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
PRIMARY GOVERNMENT				
MERS Total Market Portfolio	\$ 492,954	\$ -	No restrictions	None

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of March 31, 2023:

	Primary Government	Fiduciary Funds	Reporting Entity
Cash and cash equivalents	\$ 4,001,557	\$ 185,842	\$ 4,187,399
Investments	-	492,954	492,954
	<u>\$ 4,001,557</u>	<u>\$ 678,796</u>	<u>\$ 4,680,353</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**

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at March 31, 2023, are as follows:

Due to General Fund from:	
Sewer System Fund	\$ 194,285
Water System Fund	<u>1,200,699</u>
	<u>\$ 1,394,984</u>
Due to Fire Fund from:	
Nonmajor governmental funds	<u>\$ 10,047</u>
Due to nonmajor governmental funds from:	
General Fund	\$ 124,439
Sewer System Fund	<u>250,000</u>
	<u>\$ 374,439</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.

NOTE 4 - ADVANCES RECEIVABLE AND PAYABLE

The following schedule details advances receivable and payable between funds of the primary government at March 31, 2023:

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.

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2023, was as follows:

Governmental Activities

	Balance <u>Apr. 1, 2022</u>	Additions/ <u>Reclassifications</u>	Deletions/ <u>Reclassifications</u>	Balance <u>Mar. 31, 2023</u>
Capital assets not being depreciated				
Land	\$ 636,770	\$ -	\$ -	\$ 636,770
Construction in progress	42,340	-	(17,632)	24,708
Subtotal	<u>679,110</u>	<u>-</u>	<u>(17,632)</u>	<u>661,478</u>
Capital assets being depreciated				
Buildings and improvements	3,789,633	-	-	3,789,633
Machinery and equipment	1,365,814	577,988	-	1,943,802
Vehicles	3,006,475	176,319	(212,877)	2,969,917
Subtotal	<u>8,161,922</u>	<u>754,307</u>	<u>(212,877)</u>	<u>8,703,352</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,831,002)	(55,487)	-	(2,886,489)
Machinery and equipment	(1,107,935)	(79,707)	-	(1,187,642)
Vehicles	(2,250,179)	(96,964)	212,877	(2,134,266)
Subtotal	<u>(6,189,116)</u>	<u>(232,158)</u>	<u>212,877</u>	<u>(6,208,397)</u>
Net capital assets being depreciated	<u>1,972,806</u>	<u>522,149</u>	<u>-</u>	<u>2,494,955</u>
Capital assets, net	<u>\$ 2,651,916</u>	<u>\$ 522,149</u>	<u>\$ (17,632)</u>	<u>\$ 3,156,433</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 71,601
Public safety	82,055
Public works	3,464
Health and welfare	75,038
	<u>\$ 232,158</u>

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - CAPITAL ASSETS (continued)

Business-type Activities

	Balance <u>Apr. 1, 2022</u>	Additions	Deletions	Balance <u>Mar. 31, 2023</u>
Capital assets not being depreciated				
Construction in progress - water system	\$ 11,760	\$ -	\$ -	\$ 11,760
Capital assets being depreciated				
Sewer system	8,763,619	-	-	8,763,619
Water system	<u>923,491</u>	<u>-</u>	<u>-</u>	<u>923,491</u>
Subtotal	<u>9,687,110</u>	<u>-</u>	<u>-</u>	<u>9,687,110</u>
Less accumulated depreciation for:				
Sewer system	(3,365,153)	(146,061)	-	(3,511,214)
Water system	<u>(146,219)</u>	<u>(15,392)</u>	<u>-</u>	<u>(161,611)</u>
Subtotal	<u>(3,511,372)</u>	<u>(161,453)</u>	<u>-</u>	<u>(3,672,825)</u>
Net capital assets being depreciated	<u>6,175,738</u>	<u>(161,453)</u>	<u>-</u>	<u>6,014,285</u>
Capital assets, net	<u>\$ 6,187,498</u>	<u>\$ (161,453)</u>	<u>\$ -</u>	<u>\$ 6,026,045</u>

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

Sewer system	\$ 146,061
Water system	<u>15,392</u>
	<u>\$ 161,453</u>

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations (including current portion) of the Township for the year ended March 31, 2023:

	Balance Apr. 1, 2022	Additions	Deletions	Balance Mar. 31, 2023	Amounts Due Within One Year
Governmental Activities					
Notes from direct borrowings and direct placements					
2014 State Infrastructure Bank Loan	\$ 172,122	\$ -	\$ (32,310)	\$ 139,812	\$ 33,279
2017 State Infrastructure Bank Loan	251,700	-	(39,410)	212,290	40,395
Installment purchase agreements	375,532	381,812	(106,234)	651,110	109,449
Compensated absences	270,257	215,170	(225,810)	259,617	216,920
Total governmental activities	<u>1,069,611</u>	<u>596,982</u>	<u>(403,764)</u>	<u>1,262,829</u>	<u>400,043</u>
Business-type Activities					
General Obligation Bonds					
2010 Special Assessment Bonds	280,000	-	(35,000)	245,000	35,000
Discount	(7,200)	-	800	(6,400)	(800)
2012 Refunding Bonds	2,155,000	-	(175,000)	1,980,000	170,000
Premium	27,403	-	(2,284)	25,119	2,284
Notes from direct borrowings and direct placements					
2015 State Clean Water Revolving Fund Loan	249,999	-	(15,000)	234,999	15,000
Total business-type activities	<u>2,705,202</u>	<u>-</u>	<u>(226,484)</u>	<u>2,478,718</u>	<u>221,484</u>
TOTAL	<u>\$ 3,774,813</u>	<u>\$ 596,982</u>	<u>\$ (630,248)</u>	<u>\$ 3,741,547</u>	<u>\$ 621,527</u>

Significant details regarding outstanding long-term obligations (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 \$37,456 through July 1, 2026, including interest of 3.00%, payable annually. \$ 139,812

\$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. 212,290

\$ 352,102

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Governmental Activities (continued)

Installment Purchase Agreements

\$484,108 Lease purchase agreement dated November 1, 2017, consisted of an obligation for a fire truck tanker. Annual payments of \$57,314 are due through November 1, 2027, including interest of 3.19%. The cost of the tanker under the lease purchase agreement amounted to \$484,108. The agreement contains provisions that in an event of default the lender has various options including declaring the entire unpaid balance due immediately, require prompt return or secure possession of real property, and charge the Township for reasonable fees and other expenses as a result of the default.

\$ 261,038

\$448,844 Lease purchase agreement dated August 20, 2021, consisted of an obligation for three vehicles - ambulance, Ford Explorer, and Ford F-150. Annual payments of \$71,744 are due through August 20, 2028, including interest of 2.89%. The cost of the vehicles under the lease purchase agreement amounted to \$448,844. The agreement contains provisions that in an event of default the lender has various options including declaring the entire unpaid balance due immediately, require prompt return or secure possession of real property, and charge the Township for reasonable fees and other expenses as a result of the default.

390,072

\$ 651,110

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 \$259,617 for vacation and sick at March 31, 2023. The amounts of \$216,920 and \$42,697 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 \$165,000 to \$195,000 through October 1, 2033, with interest ranging from 2.75% to 3.00%, payable semi-annually.

\$ 1,980,000

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Business-Type Activities (continued)

Special Assessment Bonds

\$640,000 2010 Special Assessment Bonds, dated November 3, 2010, due in annual installments of \$35,000 through April 1, 2030, with interest of 5.20%, payable semi-annually. \$ 245,000

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. \$ 234,999

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

Year Ending March 31,	General Obligation Bonds			
	Refunding Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 170,000	\$ 57,663	\$ 35,000	\$ 11,830
2025	170,000	52,988	35,000	10,010
2026	165,000	48,313	35,000	8,190
2027	190,000	43,775	35,000	6,370
2028	185,000	38,550	35,000	4,550
2029-2033	915,000	111,300	70,000	3,640
2034-2036	185,000	5,550	-	-
	<u>\$ 1,980,000</u>	<u>\$ 358,139</u>	<u>\$ 245,000</u>	<u>\$ 44,590</u>

Year Ending March 31,	Notes from Direct Borrowings and Direct Placements					
	General Obligation Loans		Installment Purchase Agreements		Revolving Fund Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 73,674	\$ 9,486	\$ 109,449	\$ 19,609	\$ 15,000	\$ 5,875
2025	75,683	7,477	112,760	16,298	15,000	5,500
2026	77,746	5,414	116,173	12,885	15,000	5,125
2027	80,450	3,294	119,688	9,370	15,000	4,750
2028	44,549	1,115	123,310	5,747	15,000	4,375
2029-2033	-	-	69,730	2,015	100,000	15,000
2034-2036	-	-	-	-	59,999	3,000
	<u>\$ 352,102</u>	<u>\$ 26,786</u>	<u>\$ 651,110</u>	<u>\$ 65,924</u>	<u>\$ 234,999</u>	<u>\$ 43,625</u>

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

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. On March 31, 2023, bonds due and payable October 1, 2023 through October 1, 2033, for the 2004 General Obligation Capital Improvement Bonds in the amount of \$1,925,000 are considered defeased.

NOTE 7 - 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 8 - DEFINED CONTRIBUTION RETIREMENT PLAN

The Township of Bruce Group Pension Plan is a defined contribution retirement plan administered by the OneAmerica Financial Services 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 \$280,510 during the current year.

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

NOTE 9 - 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.

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Benefits

Benefits Eligibility

Elected Officials	Serving one elected term
IAFF members	Age 50 with at least 70 points
TPOAM	Age 50 with at least 70 points

Benefits Provided

Hired prior to July 1, 2017

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

Hired on or after July 1, 2017

Elected Officials	Payment of Life Insurance premiums for life.
IAFF members	Payment of Medical, Dental, and Vision, Insurance premiums for the retiree and spouse until the retiree reaches Medicare eligibility. Supplemental insurance coverage is provided once retiree reaches Medicare eligibility. In addition, payment of Life Insurance Premiums for the life of the retiree.

Hired on or before April 1, 2020

TPOAM	Payment of Medical, Dental, and Vision, premiums for the retiree and spouse for life. In additions, payment of Life Insurance premiums for life of the retiree.
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Hired after April 1, 2020

TPOAM	Neither member nor spouse are eligible for retiree Medical, Dental, and Vision premiums.
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Summary of Plan Participants

At the March 31, 2023 valuation date, the following employees were covered by the benefit terms:

Retirees and beneficiaries covered by the plan	18
Active employees covered by the plan	<u>27</u>
	<u><u>45</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, 2023, the Township contributed \$70,000 in addition to its portion of premium payments.

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Net OPEB Liability

The net OPEB liability of the Township was measured as of March 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined through an actuarial valuation as of that date.

Payable to the OPEB Plan

At March 31, 2023, there were no amounts outstanding by the Township for contribution to the OPEB plan required for the year ended March 31, 2023.

Actuarial Assumption

The total OPEB liability in the March 31, 2023 valuation was determined using the following assumptions applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	1.00% (for purpose of allocating liability)
Investment rate of return	7.00% (including inflation)
20-year Aa municipal bond rate	4.05% (S&P Municipal Bond 20-Year High Grade Rate Index)
Mortality	2010 Public General Employees and Healthy Retirees, Headcount weighted with MP-2021 improvement scale

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	60.00%	4.50%
Global fixed income	20.00%	2.00%
Private assets	20.00%	7.00%

The sum of each target allocation times its long-term expected rate, plus inflation, is 7.00%.

Changes in Assumptions

The actuarial assumptions were changed during the year as follows:

- Medical trend rates updated to reflect those of PA 202 for year 2023.
- Salary scale updated from 2.5% to 1.00%.

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Changes in Assumptions (continued)

Discount rate updated from 7.35% to 7.00%.

Changes in Benefits

There were no changes of benefit terms during the plan year.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the Township will contribute \$70,000 per year into the OPEB Trust as well as continue to pay benefits from general operating funds until the plan is expected to be fully funded. Based on this assumption, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. There is no the cross-over point or depletion date. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. The single equivalent discount rate is equal to the Long-Term Expected Rate of Return, plus inflation. This single equivalent discount rate that yields the same present value of benefits is calculated and is used to determine the Total OPEB Liability.

Change in Total OPEB Liability

The change in the total OPEB liability for the year ended March 31, 2023, is as follows:

Calculating the Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at March 31, 2022	\$ 4,969,951	\$ 432,371	\$ 4,537,580
Changes for the year			
Service cost	154,491	-	154,491
Interest on total OPEB liability	368,827	-	368,827
Difference between expected and actual experience	666,469	-	666,469
Changes in assumptions	408,829	-	408,829
Contributions to OPEB Trust	-	70,000	(70,000)
Contributions/benefit paid from general operating	-	212,775	(212,775)
Net investment income	-	(8,637)	8,637
Benefit payments	(212,775)	(212,775)	-
Administrative expense	-	(780)	780
Net changes	1,385,841	60,583	1,325,258
Balances as of March 31, 2023	\$ 6,355,792	\$ 492,954	\$ 5,862,838

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - 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.

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended March 31, 2023, the Township recognized an OPEB benefit of \$343,921. At March 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 522,212	\$ 224,077
Changes in assumptions	320,338	1,385,047
Investment earnings	37,195	-
	\$ 879,745	\$ 1,609,124

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending March 31,	OPEB Expense
2024	\$ (962,092)
2025	(164,056)
2026	243,870
2027	152,899
	\$ (729,379)

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (continued)

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% lower or 1% higher than the current discount rate:

	1% Decrease	Current Rate	1% Increase
Net OPEB liability	\$ 6,719,304	\$ 5,862,838	\$ 5,164,621

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% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Net OPEB liability	\$ 5,126,828	\$ 5,862,838	\$ 6,771,327

NOTE 10 - FUND EQUITY DEFICITS

The Special Assessment District Fund had a deficit balance at March 31, 2023, of \$10,047. 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 Water System Fund had a deficit unrestricted net position at March 31, 2023, of \$1,082,213 and a total net position deficit at March 31, 2023, of \$547,173. The Township plans to eliminate this deficit through future charges for services.

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - DETAILS OF FUND BALANCE CLASSIFICATIONS

The fund balance constraints as of March 31, 2023, are as follows:

	General Fund	Fire Fund	Advance Life Support Fund	Nonmajor Governmental Funds	Total
Fund Balances					
Nonspendable					
Prepays	\$ 29,626	\$ 30,939	\$ 42,223	\$ -	\$ 102,788
Advances	77,869	-	-	-	77,869
Long-term receivables	22,000	-	-	-	22,000
Restricted					
Public safety	-	1,244,432	-	-	1,244,432
Health and welfare	-	-	1,286,196	-	1,286,196
Capital projects	-	-	-	186,327	186,327
Assigned					
Capital projects	-	-	-	402,653	402,653
Unassigned	1,705,321	-	-	(10,047)	1,695,274
	<u>\$ 1,834,816</u>	<u>\$ 1,275,371</u>	<u>\$ 1,328,419</u>	<u>\$ 578,933</u>	<u>\$ 5,017,539</u>

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended March 31, 2023, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, which was issued in June 2017. The objective of this statement is to increase the usefulness of governments' 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 or resources based on the foundational principle that leases are financing of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a governments' leasing activities.

There was no material impact on the Township's financial statement after the adoption of GASB Statement No. 87.

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset -an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used by not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWNSHIP OF BRUCE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED MARCH 31, 2023**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 533,788	\$ 539,264	\$ 545,842	\$ 6,578
Licenses and permits	263,000	252,000	263,796	11,796
Intergovernmental				
Federal grants	-	494,040	494,040	-
State shared revenue	735,000	788,000	820,220	32,220
Local community stabilization	88,000	82,360	118,204	35,844
Metro act	9,000	9,000	9,243	243
Charges for services	101,350	61,540	85,174	23,634
Interest	300	590	696	106
Other	3,000	685	1,587	902
	1,733,438	2,227,479	2,338,802	111,323
TOTAL REVENUES				
EXPENDITURES				
Current				
General government				
Township board	36,807	465,794	458,358	7,436
Supervisor	100,312	101,806	100,982	824
Elections	25,650	39,362	38,661	701
Assessor	158,425	159,389	157,087	2,302
Legal fees	25,000	10,000	7,044	2,956
Clerk	147,340	151,828	151,363	465
General office	85,091	81,126	75,599	5,527
Accounting and audit	108,541	109,432	101,837	7,595
Board of Review	2,700	2,800	2,281	519
Treasurer	146,371	147,142	145,586	1,556
Building and grounds	66,800	111,569	96,870	14,699
Other	101,725	134,900	123,819	11,081
	1,004,762	1,515,148	1,459,487	55,661
Total general government				
Public safety				
Inspections	359,029	334,398	308,727	25,671
Ordinance enforcement	3,500	14,185	13,755	430
	362,529	348,583	322,482	26,101
Total public safety				
Public works				
Street lighting	22,000	23,000	21,707	1,293
Engineering	1,500	1,500	-	1,500
Road chloride and paving	25,000	32,025	31,905	120
Cemeteries	29,900	36,000	29,660	6,340
Cable television	105,000	45,068	44,040	1,028
	183,400	137,593	127,312	10,281
Total public works				

**TOWNSHIP OF BRUCE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
YEAR ENDED MARCH 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (continued)				
Current (continued)				
Community and economic development				
Zoning	\$ 2,000	\$ 2,600	\$ 2,510	\$ 90
Planning	97,582	88,087	81,594	6,493
Total community and economic development	<u>99,582</u>	<u>90,687</u>	<u>84,104</u>	<u>6,583</u>
Capital outlay	<u>-</u>	<u>53,204</u>	<u>53,204</u>	<u>-</u>
Debt service	<u>83,165</u>	<u>83,165</u>	<u>83,160</u>	<u>5</u>
TOTAL EXPENDITURES	<u>1,733,438</u>	<u>2,228,380</u>	<u>2,129,749</u>	<u>98,631</u>
NET CHANGE IN FUND BALANCE	-	(901)	209,053	209,954
Fund balance, beginning of year	<u>1,625,763</u>	<u>1,625,763</u>	<u>1,625,763</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,625,763</u></u>	<u><u>\$ 1,624,862</u></u>	<u><u>\$ 1,834,816</u></u>	<u><u>\$ 209,954</u></u>

**TOWNSHIP OF BRUCE
FIRE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED MARCH 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 936,357	\$ 961,202	\$ 983,170	\$ 21,968
Intergovernmental	-	19,696	19,696	-
Charges for services	130,000	135,000	161,981	26,981
Interest	1,500	3,702	4,168	466
Other	10,250	1,045	1,052	7
TOTAL REVENUES	<u>1,078,107</u>	<u>1,120,645</u>	<u>1,170,067</u>	<u>49,422</u>
EXPENDITURES				
Current				
Public safety	1,006,592	1,060,636	998,749	61,887
Capital outlay	14,200	26,500	22,735	3,765
Debt service	57,315	57,315	57,314	1
TOTAL EXPENDITURES	<u>1,078,107</u>	<u>1,144,451</u>	<u>1,078,798</u>	<u>65,653</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(23,806)	91,269	115,075
OTHER FINANCING SOURCES				
Sale of capital assets	-	23,806	23,806	-
NET CHANGE IN FUND BALANCE	-	-	115,075	115,075
Fund balance, beginning of year	<u>1,160,296</u>	<u>1,160,296</u>	<u>1,160,296</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,160,296</u>	<u>\$ 1,160,296</u>	<u>\$ 1,275,371</u>	<u>\$ 115,075</u>

**TOWNSHIP OF BRUCE
ADVANCED LIFE SUPPORT FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED MARCH 31, 2023**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 1,446,749	\$ 1,436,604	\$ 1,437,513	\$ 909
Intergovernmental	-	6,385	6,385	-
Charges for services	960,000	984,075	1,039,228	55,153
Interest	550	600	670	70
Other	1,000	916	916	-
TOTAL REVENUES	<u>2,408,299</u>	<u>2,428,580</u>	<u>2,484,712</u>	<u>56,132</u>
EXPENDITURES				
Current				
Health and welfare	2,326,549	2,456,330	2,403,781	52,549
Capital outlay	81,750	88,135	459,941	(371,806)
TOTAL EXPENDITURES	<u>2,408,299</u>	<u>2,544,465</u>	<u>2,863,722</u>	<u>(319,257)</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	-	(115,885)	(379,010)	(263,125)
OTHER FINANCING SOURCES				
Transfers in	-	115,885	-	(115,885)
Debt proceeds	-	-	381,812	381,812
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>115,885</u>	<u>381,812</u>	<u>265,927</u>
NET CHANGE IN FUND BALANCE	-	-	2,802	2,802
Fund balance, beginning of year	<u>1,325,617</u>	<u>1,325,617</u>	<u>1,325,617</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,325,617</u>	<u>\$ 1,325,617</u>	<u>\$ 1,328,419</u>	<u>\$ 2,802</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability					
Service cost	\$ 154,491	\$ 165,979	\$ 370,357	\$ 326,146	\$ 315,758
Interest	368,827	349,612	280,340	280,490	266,167
Difference between actual and expected experience	666,469	(49,473)	(649,383)	(13,984)	-
Changes in actuarial assumptions	408,829	(1,734)	(4,506,411)	556,570	-
Changes in benefit terms	-	-	113,662	-	-
Benefit payments, including employee refunds	<u>(212,775)</u>	<u>(170,161)</u>	<u>(195,650)</u>	<u>(171,577)</u>	<u>(142,420)</u>
Net Change in Total OPEB Liability	1,385,841	294,223	(4,587,085)	977,645	439,505
Total OPEB Liability, beginning	<u>4,969,951</u>	<u>4,675,728</u>	<u>9,262,813</u>	<u>8,285,168</u>	<u>7,845,663</u>
Total OPEB Liability, ending	<u><u>\$ 6,355,792</u></u>	<u><u>\$ 4,969,951</u></u>	<u><u>\$ 4,675,728</u></u>	<u><u>\$ 9,262,813</u></u>	<u><u>\$ 8,285,168</u></u>
Plan Fiduciary Net Position					
Contributions/benefit payments from general operating	\$ 282,775	\$ 240,161	\$ 525,494	\$ 171,577	\$ 142,420
Net investment income	(8,637)	15,444	17,967	-	-
Benefit payments including employee refunds	(212,775)	(170,161)	(195,650)	(171,577)	(142,420)
Administrative expense	<u>(780)</u>	<u>(709)</u>	<u>(175)</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	60,583	84,735	347,636	-	-
Plan Fiduciary Net Position, beginning	<u>432,371</u>	<u>347,636</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position, ending	<u><u>\$ 492,954</u></u>	<u><u>\$ 432,371</u></u>	<u><u>\$ 347,636</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Township's Net OPEB Liability	<u><u>\$ 5,862,838</u></u>	<u><u>\$ 4,537,580</u></u>	<u><u>\$ 4,328,092</u></u>	<u><u>\$ 9,262,813</u></u>	<u><u>\$ 8,285,168</u></u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	8%	9%	7%	0%	0%
Covered payroll	\$ 2,027,557	\$ 1,912,196	\$ 1,703,948	\$ 1,548,096	\$ 1,304,888
Township's Net OPEB Liability as a percentage of covered payroll	289%	237%	254%	598%	635%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined employer contribution	\$ 961,837	\$ 857,144	\$ 1,458,949	\$ 1,755,935	\$ 1,476,847
Employer contribution (benefit payment)	<u>282,775</u>	<u>240,161</u>	<u>525,494</u>	<u>171,577</u>	<u>142,420</u>
Contribution deficiency/(excess)	<u>\$ 679,062</u>	<u>\$ 616,983</u>	<u>\$ 933,455</u>	<u>\$ 1,584,358</u>	<u>\$ 1,334,427</u>
Covered payroll	\$ 2,027,557	\$ 1,912,196	\$ 1,703,948	\$ 1,548,096	\$ 1,304,888
Contribution as a percentage of payroll	14%	13%	31%	11%	11%

**TOWNSHIP OF BRUCE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

NOTE 1 - 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, 2023, the Township incurred expenditures in excess of the amounts appropriated as follows:

	Amounts Appropriated	Amounts Expended	Variance
Advanced Life Support Fund	\$ 2,544,465	\$ 2,863,722	\$ 319,257

NOTE 2 - OTHER POST-EMPLOYMENT BENEFITS PLAN

Actuarial valuation information relative to the determination of contributions:

Valuation date	March 31, 2023
Measurement date	March 31, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay
Remaining amortization period	7 years
Investment rate of return	7.00% (including inflation)
20-year Aa Municipal Bond Rate	4.05%, (S&P Municipal Bond 20-Year High Grade Rate Index)
Salary increases	1.00% (for purpose of allocating liability)
Inflation rate	2.50%
Healthcare cost trend rates	Pre-Medicare: 7.25% graded down to 4.50% by 0.25% per year Post-Medicare: 5.50% graded down to 4.50% by 0.25% per year
Mortality	2010 Public General Employees and Healthy Retirees, Headcount weighted with MP-2021 improvement scale

Changes of benefit terms: No change in benefit terms during the plan year.

Changes in assumptions: Medical trend rates updated to reflect those of PA 202 for year 2023.
Salary scale updated from 2.50% to 1.00%.
Discount rate updated from 7.35% to 7.00%.

OTHER SUPPLEMENTARY INFORMATION

**TOWNSHIP OF BRUCE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2023**

	Capital Projects Funds		Total
	Improvement Revolving	Special Assessment District	
ASSETS			
Cash and cash equivalents	\$ 214,541	\$ -	\$ 214,541
Special assessments receivable	-	34,088	34,088
Due from other funds	374,439	-	374,439
TOTAL ASSETS	\$ 588,980	\$ 34,088	\$ 623,068
LIABILITIES			
Due to other funds	\$ -	\$ 10,047	\$ 10,047
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	34,088	34,088
FUND BALANCES (DEFICITS)			
Restricted	186,327	-	186,327
Assigned	402,653	-	402,653
Unassigned	-	(10,047)	(10,047)
TOTAL FUND BALANCES (DEFICITS)	588,980	(10,047)	578,933
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 588,980	\$ 34,088	\$ 623,068

**TOWNSHIP OF BRUCE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2023**

	<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Improvement Revolving</u>	<u>Special Assessment District</u>	
REVENUES			
Special assessments	\$ -	\$ 7,175	\$ 7,175
Interest	-	2,153	2,153
Miscellaneous	75,001	-	75,001
TOTAL REVENUES	<u>75,001</u>	<u>9,328</u>	<u>84,329</u>
EXPENDITURES			
Current			
Public works	-	-	-
NET CHANGE IN FUND BALANCES	75,001	9,328	84,329
Fund balances (deficits), beginning of year	<u>513,979</u>	<u>(19,375)</u>	<u>494,604</u>
Fund balances (deficits), end of year	<u>\$ 588,980</u>	<u>\$ (10,047)</u>	<u>\$ 578,933</u>

**TOWNSHIP OF BRUCE
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
MARCH 31, 2023**

	General Custodial	Current Tax Collection	Total
ASSETS			
Cash and cash equivalents	\$ 177,423	\$ 8,419	\$ 185,842
Due from others	-	134,154	134,154
TOTAL ASSETS	177,423	142,573	319,996
LIABILITIES			
Due to others	108,954	-	108,954
Due to other governmental units	-	142,573	142,573
Deposits	68,469	-	68,469
TOTAL LIABILITIES	177,423	142,573	319,996
NET POSITION			
Restricted for individuals, organizations, and other governmental units	\$ -	\$ -	\$ -

**TOWNSHIP OF BRUCE
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED MARCH 31, 2023**

	<u>General Custodial</u>	<u>Current Tax Collection</u>	<u>Total</u>
ADDITIONS			
Property tax collections for other governmental units	\$ -	\$ 21,402,142	\$ 21,402,142
Collections for others	2,959,380	-	2,959,380
TOTAL ADDITIONS	<u>2,959,380</u>	<u>21,402,142</u>	<u>24,361,522</u>
DEDUCTIONS			
Property tax distributions to other governmental units	-	21,402,142	21,402,142
Distributions to others	2,959,380	-	2,959,380
TOTAL DEDUCTIONS	<u>2,959,380</u>	<u>21,402,142</u>	<u>24,361,522</u>
NET INCREASE IN FIDUCIARY NET POSITION	-	-	-
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Township of Bruce's basic financial statements, and have issued our report thereon dated September 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Bruce'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 of Bruce's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Bruce'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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Bruce'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 financial statements. 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 that are required to be reported under *Government Auditing Standards*.

2023-001 FUND EQUITY DEFICITS

Condition: At the end of the fiscal year, the Special Assessment District Fund reports a fund balance deficit and the Water System Fund reported deficit unrestricted net position.

Criteria: Michigan Public Act 275 of 1980 provides that the Township shall not have deficits in one or more of the Township's unrestricted fund balances/unrestricted net position. 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 2013 fiscal year. The Township is required to update the plan on an annual basis until the deficit is eliminated.

Cause: The Special Assessment District Fund was a planned deficit caused by the outlay of expenditures prior to the collection of the special assessments. In the Water System Fund, the Township has not raised rates significantly enough to ensure the operating revenue in the Water System Fund are sufficient to cover all expenses (including depreciation).

Effect: The Township is not in compliance with Public Act 275 of 1980. As a result, the Township will be required to continue to prepare and submit a Deficit Elimination Plan to the State of Michigan.

Recommendation: We recommend that 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. We also recommend the Township complete a rate study for the Water System Fund to determine the proper rate to charge in order to sustain operations and save for future capital improvements.

Corrective Action Response: While the Special Assessment District Fund was a planned deficit, the Township has been working to eliminate the deficit in the Water systems through incremental increases to the utility rates and careful, planned expansion of the system.

2023-002 UNFAVORABLE BUDGET VARIANCES

Condition: We noted that expenditures exceeded the amounts appropriated for the year ended March 31, 2023, in the Advanced Life Support Fund.

Criteria: Michigan Public Act 621 of 1978, as amended, provides that the Township adopt formal budgets 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.

Cause: Unknown.

Effect: The Township was not in compliance with the budgeting act, Michigan Public Act 2 of 1968, as amended by Public Act 621 of 1978.

2020-002 UNFAVORABLE BUDGET VARIANCES (continued)

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

Corrective Action Response: The Township will monitor expenditures against adopted budgets on a more frequent basis and work to make appropriate budget adjustments as needed in a timely manner.

Township of Bruce's Response to Finding

Governmental Auditing Standards requires the auditor to perform limited procedures on the Township of Bruce's response to the finding identified in our audit. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maney Costeiran PC

September 15, 2023