

**TOWNSHIP OF BRUCE
MACOMB COUNTY, MICHIGAN**

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

YEAR ENDED MARCH 31, 2024

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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, 2024, 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, 2024, 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 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 4, 2024, 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.

Maney Costeiran PC

September 4, 2024

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, 2024. 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, 2024:

- The Township's net position in the governmental activities increased \$2,530,997 during the 2023-2024 fiscal year.
- Charges for services revenue in the governmental activities increased approximately \$702,000 during the 2023-2024 fiscal year.
- The Township's net position in the business-type activities increased \$298,705 during the 2023-2024 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 23-48 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, 2024 and March 31, 2023.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and other assets	\$ 8,391,291	\$ 7,559,578	\$ (747,011)	\$ (933,952)	\$ 7,644,280	\$ 6,625,626
Capital assets	3,876,369	3,156,433	5,864,592	6,026,045	9,740,961	9,182,478
TOTAL ASSETS	12,267,660	10,716,011	5,117,581	5,092,093	17,385,241	15,808,104
DEFERRED OUTFLOWS OF RESOURCES	618,434	879,745	147,618	162,380	766,052	1,042,125
LIABILITIES						
Current liabilities	910,553	1,044,131	313,111	379,606	1,223,664	1,423,737
Noncurrent liabilities	6,752,222	6,725,624	2,035,750	2,257,234	8,787,972	8,982,858
TOTAL LIABILITIES	7,662,775	7,769,755	2,348,861	2,636,840	10,011,636	10,406,595
DEFERRED INFLOWS OF RESOURCES	475,445	1,609,124	-	-	475,445	1,609,124
NET POSITION						
Net investment in capital assets	3,056,280	2,153,221	3,754,976	3,709,707	6,811,256	5,862,928
Restricted	2,973,398	2,790,117	-	-	2,973,398	2,790,117
Unrestricted	(1,281,804)	(2,726,461)	(838,638)	(1,092,074)	(2,120,442)	(3,818,535)
TOTAL NET POSITION	\$ 4,747,874	\$ 2,216,877	\$ 2,916,338	\$ 2,617,633	\$ 7,664,212	\$ 4,834,510

Net position may serve over time as a useful indicator of a government's financial position. The Township's governmental activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,747,874 as of March 31, 2024. The Township's business-type activities assets and deferred outflows of resources exceeded liabilities by \$2,916,338 as of March 31, 2024. 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 \$2,829,702 during the current year as indicated below.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenue						
Charges for services	\$ 2,407,524	\$ 1,704,949	\$ 1,411,032	\$ 1,228,474	\$ 3,818,556	\$ 2,933,423
Operating grants and contributions	114,031	127,447	-	-	114,031	127,447
Capital grants and contributions	591,295	529,449	-	-	591,295	529,449
General revenue						
Property taxes	3,097,646	2,966,525	-	-	3,097,646	2,966,525
State shared revenue	812,511	820,220	-	-	812,511	820,220
Investment earnings	15,507	5,534	3,919	5,683	19,426	11,217
Sale of capital assets	18,000	23,806	-	-	18,000	23,806
Miscellaneous	13,384	78,556	-	-	13,384	78,556
TOTAL REVENUE	7,069,898	6,256,486	1,414,951	1,234,157	8,484,849	7,490,643
PROGRAM EXPENSES						
General government	678,311	801,591	-	-	678,311	801,591
Public safety	1,154,715	1,449,313	-	-	1,154,715	1,449,313
Public works	118,235	83,272	-	-	118,235	83,272
Health and welfare	2,443,762	2,299,918	-	-	2,443,762	2,299,918
Community and econ. development	114,783	84,104	-	-	114,783	84,104
Sewer system	-	-	668,482	532,558	668,482	532,558
Water system	-	-	447,764	498,519	447,764	498,519
Interest on long-term debt	29,095	34,264	-	-	29,095	34,264
TOTAL PROGRAM EXPENSES	4,538,901	4,752,462	1,116,246	1,031,077	5,655,147	5,783,539
Change in Net Position	\$ 2,530,997	\$ 1,504,024	\$ 298,705	\$ 203,080	\$ 2,829,702	\$ 1,707,104

Governmental Activities

The net position of the Township's governmental activities increased \$2,530,997 during fiscal year 2024. Although the Township's revenues increased approximately 13% and the expenses decreased approximately 4% from fiscal year 2023, 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 79% of the total expenses and includes fire and ambulance services. The primary factors resulting in the increase in net position were the increase in property tax revenue and charges for services by approximately 4% and 41%, respectively, offset by the decrease in general government and public safety expenses of approximately 15% and 20%, respectively, year over year.

Business-Type Activities

The net position of the Township's business-type activities increased by \$298,705 during fiscal year 2024. Total revenues increased approximately 15%, while total expenses increased approximately 8%, which resulted in the business-type activities increasing net position. The majority of the revenue is generated through charges for services, which makes up more than 99% of the total business-type activities revenue. The increase in net position is because of an increase in usage fees offset by an increase of 26% in sewer system expenses counteracted by a decrease of 10% in water system expense.

**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 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 \$1,092,168 for the fiscal year. This is a decrease of \$367,319.

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 \$1,412,305 and \$2,932,691, respectively, of which \$1,112,476 and \$2,594,500 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 \$150,076 and a deficit of \$988,714, respectively. The increase in net position for the Sewer System and Water System were \$186,398 and \$112,307, respectively. 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 also anticipated no change in fund balance, although both the General Fund's budgeted revenues and expenditures were decreased by \$12,425 throughout the fiscal year. Actual expenditures came in \$129,079 under the final budgeted amount adopted by the Township's Board of Trustees. Actual revenues were \$540,152 more than the final anticipated amount with the actual net change in fund balance being an increase of \$598,000. This increase in fund balance was the result of an increase in permit fees from significant commercial and residential development along with continued conservative spending across the Township's departments.

Capital Asset and Debt Administration

Capital Assets. At the end of the fiscal year, the Township had approximately \$9,740,961 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 2024, the net capital assets increased \$558,483 due to annual depreciation, purchase of new vehicles and equipment, and property improvement. 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, governmental and business-type, decreased by approximately \$428,252 during fiscal year 2024 due to required annual payments. The carrying amount of the Township's obligation for compensated absences, included in the long-term obligations, was \$235,972 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 4% during fiscal year 2024. 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, 2024**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,998,385	\$ 507,854	\$ 4,506,239
Investments	307,266	-	307,266
Current portion of receivables, net	286,103	102,778	388,881
Due from other governmental units	220,679	-	220,679
Internal balances	1,400,000	(1,400,000)	-
Prepays	150,989	-	150,989
Total current assets	6,363,422	(789,368)	5,574,054
Noncurrent assets			
Noncurrent portion of receivables, net	16,500	42,357	58,857
Investment in Romeo, Washington, Bruce Parks and Recreation Commission	1,454,270	-	1,454,270
Investment in Washington and Bruce Senior Transportation through Advanced Reservation Commission	557,099	-	557,099
Capital assets not being depreciated	669,770	11,760	681,530
Capital assets being depreciated, net	3,206,599	5,852,832	9,059,431
Total noncurrent assets	5,904,238	5,906,949	11,811,187
TOTAL ASSETS	12,267,660	5,117,581	17,385,241
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges, net of amortization	-	147,618	147,618
Deferred outflows related to other post-employment benefits	618,434	-	618,434
TOTAL DEFERRED OUTFLOWS OF RESOURCES	618,434	147,618	766,052
LIABILITIES			
Current liabilities			
Accounts payable	27,937	86,627	114,564
Deposits payable	-	5,000	5,000
Accrued liabilities	205,914	-	205,914
Due to other governmental units	215	-	215
Unearned revenue	286,479	-	286,479
Current portion of compensated absences	201,565	-	201,565
Current portion of long-term debt	188,443	221,484	409,927
Total current liabilities	910,553	313,111	1,223,664
Noncurrent liabilities			
Noncurrent portion of compensated absences	34,407	-	34,407
Noncurrent portion of long-term debt	631,646	2,035,750	2,667,396
Net other post-employment benefits liability	6,086,169	-	6,086,169
Total noncurrent liabilities	6,752,222	2,035,750	8,787,972
TOTAL LIABILITIES	7,662,775	2,348,861	10,011,636
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to other post-employment benefits	475,445	-	475,445
NET POSITION			
Net investment in capital assets	3,056,280	3,754,976	6,811,256
Restricted			
Public safety	1,429,663	-	1,429,663
Health and welfare	1,357,408	-	1,357,408
Capital projects	186,327	-	186,327
Unrestricted	(1,281,804)	(838,638)	(2,120,442)
TOTAL NET POSITION	\$ 4,747,874	\$ 2,916,338	\$ 7,664,212

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2024**

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	\$ 678,311	\$ 309,568	\$ 102,640	\$ 131,395	\$ (134,708)	\$ -	\$ (134,708)
Public safety	1,154,715	747,562	1,024	218,340	(187,789)	-	(187,789)
Public works	118,235	17,450	10,367	8,410	(82,008)	-	(82,008)
Health and welfare	2,443,762	1,319,489	-	233,150	(891,123)	-	(891,123)
Community and economic development	114,783	13,455	-	-	(101,328)	-	(101,328)
Interest on long-term debt	29,095	-	-	-	(29,095)	-	(29,095)
Total governmental activities	<u>4,538,901</u>	<u>2,407,524</u>	<u>114,031</u>	<u>591,295</u>	<u>(1,426,051)</u>	<u>-</u>	<u>(1,426,051)</u>
Business-type activities							
Sewer system	668,482	854,869	-	-	-	186,387	186,387
Water system	447,764	556,163	-	-	-	108,399	108,399
Total business-type activities	<u>1,116,246</u>	<u>1,411,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,786</u>	<u>294,786</u>
Total government	<u>\$ 5,655,147</u>	<u>\$ 3,818,556</u>	<u>\$ 114,031</u>	<u>\$ 591,295</u>	<u>(1,426,051)</u>	<u>294,786</u>	<u>(1,131,265)</u>
General revenues							
Property taxes					3,097,646	-	3,097,646
State shared revenues					812,511	-	812,511
Investment earnings					15,507	3,919	19,426
Gain on sale of capital assets					18,000	-	18,000
Miscellaneous					13,384	-	13,384
Total general revenues					<u>3,957,048</u>	<u>3,919</u>	<u>3,960,967</u>
Change in net position					2,530,997	298,705	2,829,702
Net position, beginning of the year					<u>2,216,877</u>	<u>2,617,633</u>	<u>4,834,510</u>
Net position, end of the year					<u>\$ 4,747,874</u>	<u>\$ 2,916,338</u>	<u>\$ 7,664,212</u>

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE
GOVERNMENTAL FUNDS
BALANCE SHEET
MARCH 31, 2024**

	General Fund	Fire Fund	Advanced Life Support Fund	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 1,138,867	\$ 1,111,285	\$ 1,359,253	\$ 388,980	\$ 3,998,385
Investments	-	307,266	-	-	307,266
Receivables					
Accounts, net	28,575	28,489	94,635	-	151,699
Taxes	18,077	36,635	52,780	-	107,492
Special assessments	-	-	-	26,912	26,912
Long-term receivable	16,500	-	-	-	16,500
Due from other governmental units	220,679	-	-	-	220,679
Due from other funds	1,200,000	1,637	-	200,000	1,401,637
Prepays	35,778	37,319	77,892	-	150,989
TOTAL ASSETS	<u>\$ 2,658,476</u>	<u>\$ 1,522,631</u>	<u>\$ 1,584,560</u>	<u>\$ 615,892</u>	<u>\$ 6,381,559</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
LIABILITIES					
Accounts payable	\$ 15,852	\$ 5,982	\$ 6,103	\$ -	\$ 27,937
Accrued liabilities	35,379	86,986	83,549	-	205,914
Due to other governmental units	215	-	-	-	215
Due to other funds	-	-	-	1,637	1,637
Unearned revenue	148,979	-	137,500	-	286,479
TOTAL LIABILITIES	<u>200,425</u>	<u>92,968</u>	<u>227,152</u>	<u>1,637</u>	<u>522,182</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	25,235	-	-	26,912	52,147
FUND BALANCES (DEFICITS)					
Nonspendable	52,278	37,319	77,892	-	167,489
Restricted	-	1,392,344	1,279,516	186,327	2,858,187
Assigned	73,108	-	-	402,653	475,761
Unassigned	2,307,430	-	-	(1,637)	2,305,793
TOTAL FUND BALANCES	<u>2,432,816</u>	<u>1,429,663</u>	<u>1,357,408</u>	<u>587,343</u>	<u>5,807,230</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	<u>\$ 2,658,476</u>	<u>\$ 1,522,631</u>	<u>\$ 1,584,560</u>	<u>\$ 615,892</u>	<u>\$ 6,381,559</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
MARCH 31, 2024**

Total Fund Balances - Governmental Funds \$ 5,807,230

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	\$ 1,454,270	
Washington and Bruce Townships Senior Transportation through Advanced Reservation Commission (S.T.A.R.)	<u>557,099</u>	
		2,011,369

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	9,888,900	
Accumulated depreciation is	<u>(6,012,531)</u>	
Capital assets, net		3,876,369

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

Unavailable revenue		52,147
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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	618,434	
Deferred inflows of resources related to OPEB	<u>(475,445)</u>	
		142,989

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	(235,972)	
Direct obligations	(820,089)	
Net other post-employment benefits liability	<u>(6,086,169)</u>	
		<u>(7,142,230)</u>

Net Position of Governmental Activities \$ 4,747,874

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2024**

	General Fund	Fire Fund	Advanced Life Support Fund	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	\$ 571,829	\$ 1,068,031	\$ 1,562,509	\$ -	\$ 3,202,369
Special assessments	-	-	-	8,410	8,410
Licenses and permits	684,422	-	-	-	684,422
Intergovernmental	1,056,913	214,140	233,150	-	1,504,203
Charges for services	120,730	195,666	1,140,618	-	1,457,014
Interest	1,620	12,652	1,235	-	15,507
Other	3,363	1,877	9,168	-	14,408
TOTAL REVENUES	2,438,877	1,492,366	2,946,680	8,410	6,886,333
EXPENDITURES					
Current					
General government	1,092,168	-	-	-	1,092,168
Public safety	357,687	1,112,476	-	-	1,470,163
Public works	119,956	-	-	-	119,956
Health and welfare	-	-	2,594,500	-	2,594,500
Community and economic development	114,783	-	-	-	114,783
Capital outlay	1,892	242,515	338,191	-	582,598
Debt service	83,160	57,314	-	-	140,474
TOTAL EXPENDITURES	1,769,646	1,412,305	2,932,691	-	6,114,642
EXCESS OF REVENUES OVER EXPENDITURES	669,231	80,061	13,989	8,410	771,691
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	3,000	15,000	-	18,000
Transfer in	-	71,231	-	-	71,231
Transfer out	(71,231)	-	-	-	(71,231)
TOTAL OTHER FINANCING SOURCES	(71,231)	74,231	15,000	-	18,000
NET CHANGE IN FUND BALANCES	598,000	154,292	28,989	8,410	789,691
Fund balances, beginning of year	1,834,816	1,275,371	1,328,419	578,933	5,017,539
Fund balances, end of year	<u>\$ 2,432,816</u>	<u>\$ 1,429,663</u>	<u>\$ 1,357,408</u>	<u>\$ 587,343</u>	<u>\$ 5,807,230</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, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 789,691

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	\$ 163,270	
Washington and Bruce Townships Senior Transportation through Advanced Reservation Commission (S.T.A.R.)	<u>15,601</u>	
		178,871

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	954,418	
Depreciation	<u>(234,482)</u>	
Excess of capital outlay over depreciation expense		719,936

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	(13,306)
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Certain transactions related to long-term debt are reported as expenditures or other financing sources/uses in governmental funds, but are reflected as increases or decreases of the applicable liability in the statement of net position. In the current year, these amounts consist of:

Debt principal retirement	183,123
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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	23,645	
(Increase) in net other post-employment benefits liability	(223,331)	
(Decrease) in deferred outflows of resources related to OPEB	(261,311)	
Decrease in deferred inflows of resources related to OPEB	<u>1,133,679</u>	
		<u>672,682</u>

Change in Net Position of Governmental Activities \$ 2,530,997

**TOWNSHIP OF BRUCE
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
MARCH 31, 2024**

	<u>Sewer System Fund</u>	<u>Water System Fund</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 277,966	\$ 229,888	\$ 507,854
Receivables			
Customers	86,376	5,813	92,189
Current portion of special assessments	-	10,589	10,589
Due from other funds	47,511	-	47,511
	<u>411,853</u>	<u>246,290</u>	<u>658,143</u>
Total current assets			
Noncurrent assets			
Noncurrent portion of special assessments receivable	-	42,357	42,357
Capital assets, not being depreciated	-	11,760	11,760
Capital assets, net of accumulated depreciation	5,106,344	746,488	5,852,832
	<u>5,106,344</u>	<u>800,605</u>	<u>5,906,949</u>
Total noncurrent assets			
	<u>5,518,197</u>	<u>1,046,895</u>	<u>6,565,092</u>
TOTAL ASSETS			
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges, net of amortization	147,618	-	147,618
	<u>147,618</u>	<u>-</u>	<u>147,618</u>
LIABILITIES			
Current liabilities			
Accounts payable	61,777	24,850	86,627
Deposits payable	-	5,000	5,000
Due to other funds	200,000	1,247,511	1,447,511
Current portion of long-term debt	187,284	34,200	221,484
	<u>449,061</u>	<u>1,311,561</u>	<u>1,760,622</u>
Total current liabilities			
Noncurrent liabilities			
Noncurrent portion of long-term debt	1,865,550	170,200	2,035,750
	<u>1,865,550</u>	<u>170,200</u>	<u>2,035,750</u>
Total noncurrent liabilities			
	<u>2,314,611</u>	<u>1,481,761</u>	<u>3,796,372</u>
TOTAL LIABILITIES			
NET POSITION (DEFICIT)			
Net investment in capital assets	3,201,128	553,848	3,754,976
Unrestricted	150,076	(988,714)	(838,638)
	<u>150,076</u>	<u>(988,714)</u>	<u>(838,638)</u>
TOTAL NET POSITION (DEFICIT)			
	<u>\$ 3,351,204</u>	<u>\$ (434,866)</u>	<u>\$ 2,916,338</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, 2024**

	<u>Sewer System Fund</u>	<u>Water System Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	<u>\$ 854,869</u>	<u>\$ 556,163</u>	<u>\$ 1,411,032</u>
OPERATING EXPENSES			
Cost of sewage disposal	431,203	-	431,203
Operation and maintenance	17,290	418,007	435,297
Depreciation and amortization	<u>158,539</u>	<u>16,192</u>	<u>174,731</u>
 TOTAL OPERATING EXPENSES	 <u>607,032</u>	 <u>434,199</u>	 <u>1,041,231</u>
 OPERATING INCOME	 <u>247,837</u>	 <u>121,964</u>	 <u>369,801</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	11	3,908	3,919
Interest and fees expense	<u>(61,450)</u>	<u>(13,565)</u>	<u>(75,015)</u>
 TOTAL NONOPERATING REVENUES (EXPENSES)	 <u>(61,439)</u>	 <u>(9,657)</u>	 <u>(71,096)</u>
 CHANGE IN NET POSITION	 186,398	 112,307	 298,705
Net position (deficit), beginning of year	<u>3,164,806</u>	<u>(547,173)</u>	<u>2,617,633</u>
Net position (deficit), end of year	<u><u>\$ 3,351,204</u></u>	<u><u>\$ (434,866)</u></u>	<u><u>\$ 2,916,338</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED MARCH 31, 2024**

	Sewer System Fund	Water System Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 963,994	\$ 584,324	\$ 1,548,318
Cash paid to suppliers	<u>(442,868)</u>	<u>(495,127)</u>	<u>(937,995)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>521,126</u>	<u>89,197</u>	<u>610,323</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
(Payment) of interfund balances	<u>(322,154)</u>	<u>(699)</u>	<u>(322,853)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments on borrowings	(185,000)	(35,000)	(220,000)
Special assessments received	-	29,921	29,921
Interest and fees paid	<u>(61,450)</u>	<u>(13,565)</u>	<u>(75,015)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(246,450)</u>	<u>(18,644)</u>	<u>(265,094)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>11</u>	<u>3,908</u>	<u>3,919</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(47,467)	73,762	26,295
Cash and cash equivalents, beginning of year	<u>325,433</u>	<u>156,126</u>	<u>481,559</u>
Cash and cash equivalents, end of year	<u>\$ 277,966</u>	<u>\$ 229,888</u>	<u>\$ 507,854</u>

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED MARCH 31, 2024**

Reconciliation of operating income to			
net cash provided by operating activities			
Operating income	\$ 247,837	\$ 121,964	\$ 369,801
Adjustments to reconcile operating income to			
net cash provided by operating activities			
Depreciation and amortization	158,539	16,192	174,731
Decrease in:			
Receivables	109,125	23,161	132,286
Increase (decrease) in:			
Accounts payable	5,625	(77,120)	(71,495)
Deposits payable	-	5,000	5,000
	<u> </u>	<u> </u>	<u> </u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 521,126</u>	 <u>\$ 89,197</u>	 <u>\$ 610,323</u>

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
MARCH 31, 2024**

	<u>Other Post- Employment Benefits Trust Fund</u>	<u>Custodial Funds</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 2,078,874
Investments	<u>623,538</u>	<u>-</u>
TOTAL ASSETS	<u>623,538</u>	<u>2,078,874</u>
LIABILITIES		
Due to others	-	24,178
Due to other governmental units	-	1,853,770
Deposits	<u>-</u>	<u>200,926</u>
TOTAL LIABILITIES	<u>-</u>	<u>2,078,874</u>
NET POSITION		
Restricted for		
Other post-employment benefits (health insurance)	<u>\$ 623,538</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**TOWNSHIP OF BRUCE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED MARCH 31, 2024**

	Other Post- Employment Benefits Trust Fund	Custodial Funds
ADDITIONS		
Contributions - employer	\$ 298,399	\$ -
Investment earnings	61,695	-
Property tax collections for other governmental units	-	18,681,167
Collections for others	-	3,039,325
	360,094	21,720,492
DEDUCTIONS		
Benefit payments	228,399	-
Administrative expenses	1,111	-
Property tax distributions to other governmental units	-	18,681,167
Distributions to others	-	3,039,325
	229,510	21,720,492
NET INCREASE IN FIDUCIARY NET POSITION	130,584	-
Net position, beginning of year	492,954	-
Net position, end of year	\$ 623,538	\$ -

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 \$1,454,270 and \$557,099 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, 2024, 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)

Major Governmental Funds (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.

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.

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources (continued)

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, 2024, 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.

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

TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2024, 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 2023 levy for the property within the Township was \$629,860,130.

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.

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.

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classifications

Fund balance classifications 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.

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.

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS

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, 2024:

	Primary Government	Fiduciary Funds	Reporting Entity
Cash and cash equivalents	\$ 4,506,239	\$ 2,078,874	\$ 6,585,113
Investments - current	307,266	-	307,266
Investments - noncurrent	-	623,538	623,538
	\$ 4,813,505	\$ 2,702,412	\$ 7,515,917

As of March 31, 2024, the Township had deposits and investments summarized by the following categorization:

Deposits	
Checking and savings	\$ 6,584,363
Certificates of deposit	307,266
Imprest cash	750
Investments	623,538
Total	\$ 7,515,917

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.

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, 2024, \$5,350,155 of the Township's bank balance of \$6,075,078 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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.

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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.

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, 2024, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
PRIMARY GOVERNMENT				
MERS Total Market Portfolio	<u>\$ 623,538</u>	<u>\$ -</u>	No restrictions	None

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at March 31, 2024, are as follows:

	Due From Other Funds				Total
	Governmental Funds			Enterprise Fund	
	General Fund	Fire Fund	Nonmajor Governmental Funds	Sewer Fund	
Due To Other Funds					
Governmental Funds					
Nonmajor governmental funds	\$ -	\$ 1,637	\$ -	\$ -	\$ 1,637
Enterprise Funds	-				
Sewer Fund	-	-	200,000	-	200,000
Water Fund	1,200,000	-	-	47,511	1,247,511
Total	<u>\$ 1,200,000</u>	<u>\$ 1,637</u>	<u>\$ 200,000</u>	<u>\$ 47,511</u>	<u>\$ 1,449,148</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 - INTERFUND TRANSFER

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

The amount of interfund transfers in the fund financial statements at March 31, 2024, is as follows:

	<u>Transfer In</u>
	<u>Governmental</u>
	<u>Fund</u>
	Fire
	<u>Fund</u>
Transfer Out	
Governmental Fund	
General Fund	<u>\$ 71,231</u>

The transfer from the General Fund to Fire fund was to fund current year operations.

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2024, was as follows:

Governmental Activities

	<u>Balance Apr. 1, 2023</u>	<u>Additions/ Reclassifications</u>	<u>Deletions/ Reclassifications</u>	<u>Balance Mar. 31, 2024</u>
Capital assets not being depreciated				
Land	\$ 636,770	\$ -	\$ -	\$ 636,770
Construction in progress	<u>24,708</u>	<u>255,368</u>	<u>(247,076)</u>	<u>33,000</u>
Subtotal	<u>661,478</u>	<u>255,368</u>	<u>(247,076)</u>	<u>669,770</u>
Capital assets being depreciated				
Buildings and improvements	3,789,633	156,478	-	3,946,111
Machinery and equipment	1,943,802	542,572	(189,025)	2,297,349
Vehicles	<u>2,969,917</u>	<u>247,076</u>	<u>(241,323)</u>	<u>2,975,670</u>
Subtotal	<u>8,703,352</u>	<u>946,126</u>	<u>(430,348)</u>	<u>9,219,130</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,886,489)	(60,704)	-	(2,947,193)
Machinery and equipment	(1,187,642)	(76,815)	189,025	(1,075,432)
Vehicles	<u>(2,134,266)</u>	<u>(96,963)</u>	<u>241,323</u>	<u>(1,989,906)</u>
Subtotal	<u>(6,208,397)</u>	<u>(234,482)</u>	<u>430,348</u>	<u>(6,012,531)</u>
Net capital assets being depreciated	<u>2,494,955</u>	<u>711,644</u>	<u>-</u>	<u>3,206,599</u>
Capital assets, net	<u>\$ 3,156,433</u>	<u>\$ 967,012</u>	<u>\$ (247,076)</u>	<u>\$ 3,876,369</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 54,411
Public safety	91,171
Public works	26,468
Health and welfare	<u>62,432</u>
	<u>\$ 234,482</u>

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - CAPITAL ASSETS (continued)

Business-type Activities

	Balance <u>Apr. 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Mar. 31, 2024</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	923,491	-	-	923,491
Subtotal	<u>9,687,110</u>	<u>-</u>	<u>-</u>	<u>9,687,110</u>
Less accumulated depreciation for:				
Sewer system	(3,511,214)	(146,061)	-	(3,657,275)
Water system	<u>(161,611)</u>	<u>(15,392)</u>	<u>-</u>	<u>(177,003)</u>
Subtotal	<u>(3,672,825)</u>	<u>(161,453)</u>	<u>-</u>	<u>(3,834,278)</u>
Net capital assets being depreciated	<u>6,014,285</u>	<u>(161,453)</u>	<u>-</u>	<u>5,852,832</u>
Capital assets, net	<u>\$ 6,026,045</u>	<u>\$ (161,453)</u>	<u>\$ -</u>	<u>\$ 5,864,592</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, 2024:

	Balance <u>Apr. 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Mar. 31, 2024</u>	Amounts Due Within <u>One Year</u>
Governmental Activities					
Notes from direct borrowings and direct placements					
2014 State Infrastructure Bank Loan	\$ 139,812	\$ -	\$ (33,279)	\$ 106,533	\$ 34,278
2017 State Infrastructure Bank Loan	212,290	-	(40,395)	171,895	41,405
Installment purchase agreements	651,110	-	(109,449)	541,661	112,760
Compensated absences	259,617	198,117	(221,762)	235,972	201,565
	<u>1,262,829</u>	<u>198,117</u>	<u>(404,885)</u>	<u>1,056,061</u>	<u>390,008</u>
Business-type Activities					
General Obligation Bonds					
2010 Special Assessment Bonds	245,000	-	(35,000)	210,000	35,000
Discount	(6,400)	-	800	(5,600)	(800)
2012 Refunding Bonds	1,980,000	-	(170,000)	1,810,000	170,000
Premium	25,119	-	(2,284)	22,835	2,284
Notes from direct borrowings and direct placements					
2015 State Clean Water Revolving Fund Loan	234,999	-	(15,000)	219,999	15,000
	<u>2,478,718</u>	<u>-</u>	<u>(221,484)</u>	<u>2,257,234</u>	<u>221,484</u>
TOTAL	<u>\$ 3,741,547</u>	<u>\$ 198,117</u>	<u>\$ (626,369)</u>	<u>\$ 3,313,295</u>	<u>\$ 611,492</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. \$ 106,533

\$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. 171,895

\$ 278,428

**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. \$ 212,060

\$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. 329,601

\$ 541,661

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 \$235,972 for vacation and sick at March 31, 2024. The amounts of \$201,565 and \$34,407 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. \$ 1,810,000

**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. \$ 210,000

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. \$ 219,999

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
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	180,000	33,000	35,000	2,730
2030-2034	920,000	83,850	35,000	910
	\$ 1,810,000	\$ 300,476	\$ 210,000	\$ 32,760

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
2025	\$ 75,683	\$ 7,477	\$ 112,760	\$ 16,298	\$ 15,000	\$ 5,500
2026	77,746	5,414	116,172	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	-	-	69,731	2,015	20,000	4,000
2030-2034	-	-	-	-	100,000	12,500
2035-2036	-	-	-	-	39,999	1,500
	\$ 278,428	\$ 17,300	\$ 541,661	\$ 46,315	\$ 219,999	\$ 37,750

**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, 2024, bonds due and payable October 1, 2024 through October 1, 2033, for the 2004 General Obligation Capital Improvement Bonds in the amount of \$1,775,000 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 \$329,556 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/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/TPOAM	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/TPOAM	Payment of Medical, Dental, and Vision, Insurance premiums for the retiree and spouse until the retiree reaches Medicare eligibility. In addition, payment of Life Insurance Premiums for the life of the retiree.

Hired on or 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	27
	45

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, 2024, the Township contributed \$70,000 in addition to its portion of premium payments.

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 March 31, 2023, and rolled forward to March 31, 2024.

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Payable to the OPEB Plan

At March 31, 2024, there were no amounts outstanding by the Township for contribution to the OPEB plan required for the year ended March 31, 2024.

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	4.23% (S&P Municipal Bond 20-Year High Grade Rate Index)
Mortality	Public General and Public Safety 2010 Employees and Healthy Retirees, Headcount weighted with IRS 2024 Adjusted 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 plan year as follows:

- Medical trend updated
- Mortality improvement scale updated

Changes in Benefits

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

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (continued)

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 assumes that the Township will contribute \$87,500 per year into the OPEB Trust and continue to pay benefits from general operating funds until assets are sufficient to pay benefits. 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. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date", not applicable for this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate 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, 2024, is as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at March 31, 2023	\$ 6,355,792	\$ 492,954	\$ 5,862,838
Changes for the year			
Service cost	221,764	-	221,764
Interest on total OPEB liability	452,434	-	452,434
Difference between expected and actual experience	(76,679)	-	(76,679)
Changes in assumptions	(15,205)	-	(15,205)
Contributions to OPEB Trust	-	70,000	(70,000)
Contributions/benefit paid from general operating	-	228,399	(228,399)
Net investment income	-	61,695	(61,695)
Benefit payments	(228,399)	(228,399)	-
Administrative expense	-	(1,111)	1,111
Net changes	353,915	130,584	223,331
Balances as of March 31, 2024	\$ 6,709,707	\$ 623,538	\$ 6,086,169

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.

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (continued)

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

For the year ended March 31, 2024, the Township recognized an OPEB benefit of \$350,638. At March 31, 2024, 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	\$ 377,955	\$ 120,009
Changes in assumptions	231,847	355,436
Investment earnings	8,632	-
	\$ 618,434	\$ 475,445

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

Year Ending March 31,	OPEB Expense (Benefit)
2025	\$ (190,993)
2026	216,933
2027	125,962
2028	(8,913)
	\$ 142,989

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

The following presents the net OPEB liability of the Township, as well as what the Township's net 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	\$ 6,967,800	\$ 6,086,169	\$ 5,363,827

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

The following presents the net OPEB liability of the Township, as well as what the Township's net 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	\$ 5,271,598	\$ 6,086,169	\$ 7,090,011

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - FUND EQUITY DEFICITS

The Special Assessment District Fund had a deficit balance at March 31, 2024, of \$1,637. 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, 2024, of \$983,714 and a total net position deficit at March 31, 2024, of \$429,866. The Township plans to eliminate this deficit through future charges for services.

NOTE 11 - DETAILS OF FUND BALANCE CLASSIFICATIONS

The fund balance constraints as of March 31, 2024, are as follows:

	General Fund	Fire Fund	Advance Life Support Fund	Nonmajor Governmental Funds	Total
Fund Balances					
Nonspendable					
Prepays	\$ 35,778	\$ 37,319	\$ 77,892	\$ -	\$ 150,989
Long-term receivables	16,500	-	-	-	16,500
Restricted					
Public safety	-	1,392,344	-	-	1,392,344
Health and welfare	-	-	1,279,516	-	1,279,516
Capital projects	-	-	-	186,327	186,327
Assigned					
Capital projects	73,108	-	-	402,653	475,761
Unassigned	2,307,430	-	-	(1,637)	2,305,793
	<u>\$ 2,432,816</u>	<u>\$ 1,429,663</u>	<u>\$ 1,357,408</u>	<u>\$ 587,343</u>	<u>\$ 5,807,230</u>

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended March 31, 2024, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*, which was issued in May 2020. 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.

There was no material impact on the Township's financial statement after the adoption of GASB Statement No. 96.

TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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 periods, (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.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the financial statements,
 - 2) Financial summary,
 - 3) Detailed analyses,
 - 4) Significant capital asset and long-term financing activity,
 - 5) Currently known facts, decisions, or conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;

**TOWNSHIP OF BRUCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;

- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;

- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026-2027 fiscal year.

NOTE 14 - BUILDING DEPARTMENT FINANCIAL INFORMATION

Beginning in January 2000, the building permit fees could be used only for building code costs, including an allocation of estimated overhead costs. The Township had elected to report the financial activities of the building department in the General Fund. The following is the required information as related to this department for the year ended March 31, 2024:

Cumulative (shortfall) at April 1, 2023	<u>\$ (1,005,374)</u>
REVENUES	
Permits	<u>562,869</u>
EXPENDITURES	
Inspections	<u>346,075</u>
REVENUE OVER EXPENDITURES	<u>216,794</u>
Cumulative (shortfall) at March 31, 2024	<u>\$ (788,580)</u>

REQUIRED SUPPLEMENTARY INFORMATION

**TOWNSHIP OF BRUCE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED MARCH 31, 2024**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 572,800	\$ 557,800	\$ 571,829	\$ 14,029
Licenses and permits	249,200	301,900	684,422	382,522
Intergovernmental				
Federal grants	105,000	60,164	131,395	71,231
State shared revenue	815,000	805,000	812,511	7,511
Local community stabilization	103,000	103,000	102,640	(360)
Metro act	9,250	7,250	10,367	3,117
Charges for services	55,500	61,271	120,730	59,459
Interest	400	400	1,620	1,220
Other	1,000	1,940	3,363	1,423
	<u>1,911,150</u>	<u>1,898,725</u>	<u>2,438,877</u>	<u>540,152</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
General government				
Township board	36,352	45,522	43,289	2,233
Supervisor	104,704	104,704	102,917	1,787
Elections	23,200	6,575	5,715	860
Assessor	166,728	159,301	158,101	1,200
Legal fees	20,000	20,000	18,469	1,531
Clerk	143,389	153,344	152,546	798
General office	105,124	129,647	119,280	10,367
Accounting and audit	94,647	90,570	89,596	974
Board of Review	2,950	2,475	2,327	148
Treasurer	150,523	150,523	148,704	1,819
Building and grounds	183,400	130,510	127,682	2,828
Other	126,620	125,488	123,542	1,946
	<u>1,157,637</u>	<u>1,118,659</u>	<u>1,092,168</u>	<u>26,491</u>
Total general government				
Public safety				
Inspections	336,036	359,494	346,075	13,419
Ordinance enforcement	15,600	15,600	11,612	3,988
	<u>351,636</u>	<u>375,094</u>	<u>357,687</u>	<u>17,407</u>
Total public safety				
Public works				
Street lighting	23,000	25,250	25,264	(14)
Drains	5,000	-	-	-
Engineering	1,500	1,500	-	1,500
Road chloride and paving	24,000	33,500	32,855	645
Cemeteries	77,000	64,500	60,116	4,384
Cable television	4,500	2,500	1,721	779
	<u>135,000</u>	<u>127,250</u>	<u>119,956</u>	<u>7,294</u>
Total public works				

**TOWNSHIP OF BRUCE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
YEAR ENDED MARCH 31, 2024**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES (continued)				
Current (continued)				
Community and economic development				
Zoning	\$ 2,700	\$ 3,500	\$ 3,361	\$ 139
Planning	106,012	116,057	111,422	4,635
Total community and economic development	108,712	119,557	114,783	4,774
Capital outlay	75,000	3,000	1,892	1,108
Debt service	83,165	83,165	83,160	5
TOTAL EXPENDITURES	1,911,150	1,826,725	1,769,646	57,079
EXCESS OF REVENUES OVER EXPENDITURES	-	72,000	669,231	597,231
OTHER FINANCIAL (USES)				
Transfer out	-	(72,000)	(71,231)	769
NET CHANGE IN FUND BALANCE	-	-	598,000	598,000
Fund balance, beginning of year	1,834,816	1,834,816	1,834,816	-
Fund balance, end of year	<u>\$ 1,834,816</u>	<u>\$ 1,834,816</u>	<u>\$ 2,432,816</u>	<u>\$ 598,000</u>

**TOWNSHIP OF BRUCE
FIRE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED MARCH 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
REVENUES				
Taxes	\$ 1,027,898	\$ 1,027,898	\$ 1,068,031	\$ 40,133
Intergovernmental	139,750	285,372	214,140	(71,232)
Charges for services	140,000	155,000	195,666	40,666
Interest	2,500	9,000	12,652	3,652
Other	1,400	1,850	1,877	27
TOTAL REVENUES	<u>1,311,548</u>	<u>1,479,120</u>	<u>1,492,366</u>	<u>13,246</u>
EXPENDITURES				
Current				
Public safety	1,215,233	1,169,905	1,112,476	57,429
Capital outlay	39,000	254,900	242,515	12,385
Debt service	57,315	57,315	57,314	1
TOTAL EXPENDITURES	<u>1,311,548</u>	<u>1,482,120</u>	<u>1,412,305</u>	<u>69,815</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(3,000)	80,061	83,061
OTHER FINANCING SOURCES				
Sale of capital assets	-	3,000	3,000	-
Transfer in	-	-	71,231	71,231
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>3,000</u>	<u>74,231</u>	<u>71,231</u>
NET CHANGE IN FUND BALANCE	-	-	154,292	154,292
Fund balance, beginning of year	<u>1,275,371</u>	<u>1,275,371</u>	<u>1,275,371</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,275,371</u>	<u>\$ 1,275,371</u>	<u>\$ 1,429,663</u>	<u>\$ 154,292</u>

**TOWNSHIP OF BRUCE
ADVANCED LIFE SUPPORT FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED MARCH 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Taxes	\$ 1,509,560	\$ 1,562,560	\$ 1,562,509	\$ (51)
Intergovernmental	-	233,200	233,150	(50)
Charges for services	1,045,000	1,077,275	1,140,618	63,343
Interest	600	1,200	1,235	35
Other	1,000	-	9,168	9,168
TOTAL REVENUES	<u>2,556,160</u>	<u>2,874,235</u>	<u>2,946,680</u>	<u>72,445</u>
EXPENDITURES				
Current				
Health and welfare	2,552,517	2,634,359	2,594,500	39,859
Capital outlay	91,750	350,450	338,191	12,259
TOTAL EXPENDITURES	<u>2,644,267</u>	<u>2,984,809</u>	<u>2,932,691</u>	<u>52,118</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(88,107)	(110,574)	13,989	124,563
OTHER FINANCING SOURCES				
Sale of capital assets	-	15,000	15,000	-
Transfers in	88,107	95,574	-	(95,574)
TOTAL OTHER FINANCING SOURCES	<u>88,107</u>	<u>110,574</u>	<u>15,000</u>	<u>(95,574)</u>
NET CHANGE IN FUND BALANCE	-	-	28,989	28,989
Fund balance, beginning of year	<u>1,328,419</u>	<u>1,328,419</u>	<u>1,328,419</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,328,419</u>	<u>\$ 1,328,419</u>	<u>\$ 1,357,408</u>	<u>\$ 28,989</u>

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

	2024	2023	2022	2021	2020	2019
Total OPEB Liability						
Service cost	\$ 221,764	\$ 154,491	\$ 165,979	\$ 370,357	\$ 326,146	\$ 315,758
Interest	452,434	368,827	349,612	280,340	280,490	266,167
Difference between actual and expected experience	(76,679)	666,469	(49,473)	(649,383)	(13,984)	-
Changes in actuarial assumptions	(15,205)	408,829	(1,734)	(4,506,411)	556,570	-
Changes in benefit terms	-	-	-	113,662	-	-
Benefit payments, including employee refunds	(228,399)	(212,775)	(170,161)	(195,650)	(171,577)	(142,420)
Net Change in Total OPEB Liability	353,915	1,385,841	294,223	(4,587,085)	977,645	439,505
Total OPEB Liability, beginning	6,355,792	4,969,951	4,675,728	9,262,813	8,285,168	7,845,663
Total OPEB Liability, ending	<u>\$ 6,709,707</u>	<u>\$ 6,355,792</u>	<u>\$ 4,969,951</u>	<u>\$ 4,675,728</u>	<u>\$ 9,262,813</u>	<u>\$ 8,285,168</u>
Plan Fiduciary Net Position						
Contributions/benefit payments from general operating	\$ 298,399	\$ 282,775	\$ 240,161	\$ 525,494	\$ 171,577	\$ 142,420
Net investment income	61,695	(8,637)	15,444	17,967	-	-
Benefit payments including employee refunds	(228,399)	(212,775)	(170,161)	(195,650)	(171,577)	(142,420)
Administrative expense	(1,111)	(780)	(709)	(175)	-	-
Net Change in Plan Fiduciary Net Position	130,584	60,583	84,735	347,636	-	-
Plan Fiduciary Net Position, beginning	492,954	432,371	347,636	-	-	-
Plan Fiduciary Net Position, ending	<u>\$ 623,538</u>	<u>\$ 492,954</u>	<u>\$ 432,371</u>	<u>\$ 347,636</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Net OPEB Liability	<u>\$ 6,086,169</u>	<u>\$ 5,862,838</u>	<u>\$ 4,537,580</u>	<u>\$ 4,328,092</u>	<u>\$ 9,262,813</u>	<u>\$ 8,285,168</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	9%	8%	9%	7%	0%	0%
Covered payroll	\$ 2,339,883	\$ 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	260%	289%	237%	254%	598%	635%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contributions	\$ 1,188,615	\$ 961,837	\$ 857,144	\$ 1,458,949	\$ 1,755,935	\$ 1,476,847
Contributions in relation to the actuarially determined contributions	<u>298,399</u>	<u>282,775</u>	<u>240,161</u>	<u>525,494</u>	<u>171,577</u>	<u>142,420</u>
Contribution deficiency	<u>\$ 890,216</u>	<u>\$ 679,062</u>	<u>\$ 616,983</u>	<u>\$ 933,455</u>	<u>\$ 1,584,358</u>	<u>\$ 1,334,427</u>
Covered payroll	\$ 2,339,883	\$ 2,027,557	\$ 1,912,196	\$ 1,703,948	\$ 1,548,096	\$ 1,304,888
Contributions as a percentage of covered payroll	13%	14%	13%	31%	11%	11%

TOWNSHIP OF BRUCE
SCHEDULE OF OPEB INVESTMENT RETURNS
LAST SIX FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 3/31 OF EACH YEAR)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expenses	10.85%	-2.04%	3.78%	5.79%	N/A	N/A

A trust was started during fiscal year 2021 so the rate of return for years prior to 2021 is not applicable.

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

NOTE 1 - OTHER POST-EMPLOYMENT BENEFITS PLAN

Actuarial valuation information relative to the determination of contributions:

Valuation date	March 31, 2023
Measurement date	March 31, 2024

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay
Remaining amortization period	8 years
Investment rate of return	7.00% (including inflation)
20-year Aa Municipal Bond Rate	4.23%, (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% for two years, then graded down to 4.50% by 0.25% per year Post-Medicare: 5.50% for two years, then graded down to 4.50% by 0.25% per year
Mortality	Public General and Public Safety 2010 Employees and Healthy Retirees, Headcount weighted with IRS 2024 Adjusted MP-2021 improvement scale
Changes in benefits:	No change in benefit terms during the plan year.
Changes in assumptions:	Medical trend updated Mortality improvement scale updated

OTHER SUPPLEMENTARY INFORMATION

**TOWNSHIP OF BRUCE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2024**

	<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Improvement Revolving</u>	<u>Special Assessment District</u>	
ASSETS			
Cash and cash equivalents	\$ 388,980	\$ -	\$ 388,980
Special assessments receivable	-	26,912	26,912
Due from other funds	200,000	-	200,000
TOTAL ASSETS	<u>\$ 588,980</u>	<u>\$ 26,912</u>	<u>\$ 615,892</u>
LIABILITIES			
Due to other funds	\$ -	\$ 1,637	\$ 1,637
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	26,912	26,912
FUND BALANCES (DEFICITS)			
Restricted	186,327	-	186,327
Assigned	402,653	-	402,653
Unassigned	-	(1,637)	(1,637)
TOTAL FUND BALANCES (DEFICITS)	<u>588,980</u>	<u>(1,637)</u>	<u>587,343</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	<u>\$ 588,980</u>	<u>\$ 26,912</u>	<u>\$ 615,892</u>

**TOWNSHIP OF BRUCE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2024**

	<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Improvement Revolving</u>	<u>Special Assessment District</u>	
REVENUES			
Special assessments			
Principal	\$ -	\$ 6,728	\$ 6,728
Interest	-	1,682	1,682
TOTAL REVENUES	<u>-</u>	<u>8,410</u>	<u>8,410</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	8,410	8,410
Fund balances (deficits), beginning of year	<u>588,980</u>	<u>(10,047)</u>	<u>578,933</u>
Fund balances (deficits), end of year	<u><u>\$ 588,980</u></u>	<u><u>\$ (1,637)</u></u>	<u><u>\$ 587,343</u></u>

**TOWNSHIP OF BRUCE
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
MARCH 31, 2024**

	General Custodial	Current Tax Collection	Total
ASSETS			
Cash and cash equivalents	\$ 225,104	\$ 1,853,770	\$ 2,078,874
LIABILITIES			
Due to others	24,178	-	24,178
Due to other governmental units	-	1,853,770	1,853,770
Deposits	200,926	-	200,926
TOTAL LIABILITIES	225,104	1,853,770	2,078,874
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, 2024**

	<u>General Custodial</u>	<u>Current Tax Collection</u>	<u>Total</u>
ADDITIONS			
Property tax collections for other governmental units	\$ -	\$ 18,681,167	\$ 18,681,167
Collections for others	<u>3,039,325</u>	<u>-</u>	<u>3,039,325</u>
TOTAL ADDITIONS	<u>3,039,325</u>	<u>18,681,167</u>	<u>21,720,492</u>
DEDUCTIONS			
Property tax distributions to other governmental units	-	18,681,167	18,681,167
Distributions to others	<u>3,039,325</u>	<u>-</u>	<u>3,039,325</u>
TOTAL DEDUCTIONS	<u>3,039,325</u>	<u>18,681,167</u>	<u>21,720,492</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, 2024, 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 4, 2024.

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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the following deficiency to be a material weakness.

2024-001 MATERIAL JOURNAL ENTRY PROPOSED BY AUDITORS

Condition: A material journal entry to properly record property tax collections and distributions was proposed by the auditors. This was prepared by the auditors and provided to management, who agreed to the journal entry and was subsequently recorded in the Township's general ledger.

2024-001 MATERIAL JOURNAL ENTRY PROPOSED BY AUDITORS (continued)

Criteria: Management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (where applicable), including the recording of all appropriate journal entries so that the trial balances, from which the audited financial statements are prepared, reflect amounts that are in conformity with U.S. generally accepted accounting principles.

Cause: This misstatement was not identified as part of the Township’s internal control procedures.

Effect: Without the recording of the journal entry, the financial statements would have been materially misstated.

Recommendation: We recommend that the Township take steps to assure that material journal entries are not necessary at the time future audit analysis is performed.

Corrective Action Response: The Accounting Manager was unaware of the proper recording of the tax collection/disbursement journal entry due to distributions not yet finalized at year end. In the future, the Accounting Manager will reach out for guidance for handling any future entries in question.

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. We consider the following *deficiency* to be a significant deficiency.

2024-002 PAY RATES

Condition: For approximately seven months during the fiscal year, one employee was paid at a rate higher than what was approved by the Township Board.

Criteria: Payroll should be paid at the approved rate per the employment agreement or the union contract.

Cause: The pay rate was increased without regard for the Township’s internal controls or the union contract.

Effect: Amounts were disbursed to an employee at a rate that was higher than authorized.

Recommendation: We recommend that payroll be paid at the rate(s) approved by the Township Board through the approval of an employment agreement or union contract.

Corrective Action Response: Any pay increase not clearly identified in an employment or union contract will be approved by the union and/or the Township Board.

Report on 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*.

2024-003 FUND EQUITY DEFICITS

Condition: At the end of the fiscal year, the Special Assessment District Fund reported a fund balance deficit and the Water System Fund reported a deficit unrestricted net position. A similar issue was noted and reported in the prior year.

2024-003 FUND EQUITY DEFICITS (continued)

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 update its 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.

2024-004 PROPERTY TAX DISBTIBUTIONS

Condition: During the fiscal year, the Township did not disburse property tax collections that were collected on behalf of other taxing units in a timely manner.

Criteria: Section 43(3)(a) of PA 206 of 1893, the General Property Tax Act, MCL 211.43(3)(a), provides that local units of government with a state equalized value of more than \$15,000,000 shall, within 10 business days after the first and fifteenth day of each month, account for and deliver to the county treasurer and other tax assessing units, the tax collections on hand on the first and fifteenth day of each month. A final adjustment and delivery of the total amount of tax collections shall be made not later than April 1 of each year.

Cause: Unknown

Effect: The Township is not in compliance with Section 43(3)(1) of PA 206 of 1893, the General Property Tax Act, MCL 211.43(3)(a).

Recommendation: We recommend that the Township take steps to ensure that tax collections are remitted to the proper taxing authorities within the proper amount of days as required by the General Property Tax Act.

Corrective Action Response: The Township has plans to prioritize this on the calendar while adjusting for staff shortages.

Township of Bruce's Responses to Findings

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

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 30, 2024