

BLISSFIELD TOWNSHIP
Lenawee County, Michigan

FINANCIAL STATEMENTS and
INDEPENDENT AUDITORS' REPORT

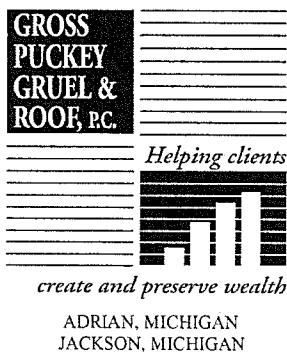
Year Ended March 31, 2012

BLISSFIELD TOWNSHIP
Lenawee County, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Blissfield Township
Lenawee County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Blissfield Township, Lenawee County, Michigan, as of and for the year ended March 31, 2012, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Blissfield's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Blissfield, Lenawee County, Michigan as of March 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 11 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Blissfield, Lenawee County, Michigan's financial statements as a whole. The combining major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining major fund financial statements are the responsibility of management and we derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Gross, Peckay, Shiel & Roof, P.C.

Adrian, Michigan
September 13, 2012

BLISSFIELD TOWNSHIP
MANAGEMENT DISCUSSION and ANALYSIS
MARCH 31, 2012

As management of Blissfield Township, Lenawee County, Michigan, we offer readers of Blissfield Township's financial statements this narrative overview and analysis of the financial activities of Blissfield Township for the fiscal year ended March 31, 2012. We encourage readers to consider the information presented here.

FINANCIAL HIGHLIGHTS

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2012:

State shared revenue, our largest revenue source in the General Fund, was increased by the State of Michigan by approximately \$1,115 this year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net assets and the statements of activities provide information about the activities of the Blissfield Township as a whole and present a long-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.

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 Blissfield 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 Blissfield Township acts solely as a trustee or agent for the benefit of those outside the government.

THE TOWNSHIP AS A WHOLE

The following table shows in a condensed format the net assets as of March 31, 2012 and March 31, 2011.

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets	\$ 662,032	\$ 1,354,975
Capital Assets, net	<u>1,728,725</u>	<u>1,088,494</u>
Total net assets	<u>\$ 2,390,757</u>	<u>\$ 2,443,469</u>
Liabilities		
Current Liabilities	<u>\$ 33,371</u>	<u>\$ 131,108</u>
Net Assets		
Invested in capital assets	\$ 1,728,725	\$ 1,088,494
Restricted	408,198	1,016,230
Unrestricted	<u>220,463</u>	<u>207,637</u>
Total net assets	<u>\$ 2,357,386</u>	<u>\$ 2,312,361</u>

BLISSFIELD TOWNSHIP
MANAGEMENT DISCUSSION and ANALYSIS
MARCH 31, 2012

THE TOWNSHIP AS A WHOLE-continued

The Township's total net assets were \$2,357,386 as of March 31, 2012. Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations) were \$220,463 at the end of the fiscal year. The net assets invested in capital assets were at \$1,728,725.

The following table shows the changes in net assets during the current year.

Revenue	<u>2012</u>	<u>2011</u>
Property taxes	\$ 499,342	\$ 481,990
State Revenue Sharing	46,582	47,697
Donations	4,870	-
Interest and rentals	4,598	7,860
Other Revenues	6,157	11,834
Charges for services	<u>125,489</u>	<u>137,438</u>
Total Revenues	\$ 687,038	\$ 686,819
Expenditures	<u>2012</u>	<u>2011</u>
General government	\$ 179,793	\$ 190,599
Public safety	214,228	197,857
Public works	174,688	266,335
Capital outlay	701,237	-
Community development	<u>16,210</u>	<u>18,320</u>
Total Expenditures	\$ 1,286,156	\$ 673,111
Excess (deficiency) of revenues over expenditures	\$ (599,118)	\$ 13,708

Government Activities

The Township's governmental revenues totaled \$687,038 with the greatest revenue source being property taxes. State shared revenue makes up approximately 6.8 percent of total governmental revenue and property taxes make up approximately 72.7 percent of total governmental revenue.

The Township incurred expenses of \$1,286,156 during the year. General government makes up 14.0 percent of total governmental expenditures. General government includes Township Board, Supervisor Clerk, Treasurer, Building and grounds, Township Office, Cemetery, and various other functions.

Township Funds

The analysis of the Township's funds begins on page 8, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Blissfield Township as a whole. The Blissfield Township's Board of Trustees creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millage. The Township's major funds for the fiscal year ended March 31, 2012 include the General Fund, Fire Fund, Special Fire Fund and the Road Fund.

BLISSFIELD TOWNSHIP
MANAGEMENT DISCUSSION and ANALYSIS
MARCH 31, 2012

General Fund Budgetary Highlights

Differences between the original budget and amended budget are reflected on page 17.

Capital Asset and Debt Administration

At the end of the fiscal year, the Township had \$1,728,725 invested in capital assets, including buildings, land and equipment. The Township did not have any outstanding debt as of March 31, 2012.

During the fiscal year, Blissfield township purchased a 2011 Ladder Truck, no debt was incurred as it was paid for out of allocated millage funds. Blissfield Township is an agricultural community with many barns, silos, ethanol plant and a village within the Township that will benefit from this truck. We also have mutual aid agreements with surrounding communities.

During the fiscal year, the Township received a matching grant for up to \$4,000 from the State of Michigan's Department of Natural Resources & Environment as a part of the Volunteer Fire Assistance Grant Program. The Township purchased 16 SCBA tanks for a total of \$7,824, of which \$3,912 was matched by Department of Natural Resources & Environment.

Contacting the Blissfield Township Management

This financial report is intended to provide our citizens, taxpayers, and customers with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Township Clerk or Treasurer at the Township Hall at PO Box 58, 120 South Lane Street, Blissfield, MI 49228.

BLISSFIELD TOWNSHIP
STATEMENT OF NET ASSETS
As of March 31, 2012

	Governmental Activities
ASSETS:	
Current assets	
Cash and cash equivalents	\$ 601,163
Investments	36,507
Taxes receivable	21,921
Internal receivables	2,441
Total Current Assets	662,032
Non-current assets	
Capital assets	2,686,672
Less: accumulated depreciation	(957,947)
Total Non-current assets	1,728,725
Total assets	\$ 2,390,757
LIABILITIES:	
Current liabilities	
Salaries and related payroll payables	\$ 33,371
Total Current Liabilities	33,371
Total liabilities	33,371
NET ASSETS:	
Invested in capital assets, net of related debt	1,728,725
Restricted for:	
Fire operations	70,052
Road maintenance	293,059
Fire equipment	45,087
Unrestricted / undesignated	220,463
Total net assets	\$ 2,357,386

The accompanying notes are an integral part of these financial statements.

BLISSFIELD TOWNSHIP
STATEMENT OF ACTIVITIES
Year Ended March 31, 2012

<u>Functions/Programs</u>	Program Revenues			Governmental Activities
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>	
Governmental activities:				
General government	\$ (185,160)	\$ 29,864	\$ 1,800	\$ (153,496)
Public safety	(269,867)	95,625	6,982	(167,260)
Road maintenance	(174,688)	-	-	(174,688)
Other	(16,210)	-	-	(16,210)
Total governmental activities	<u>\$ (645,925)</u>	<u>\$ 125,489</u>	<u>\$ 8,782</u>	<u>\$ (511,654)</u>
 General Revenues:				
Taxes and penalties				\$ 499,342
State revenue sharing				46,582
Investment earnings				4,598
Other revenue				6,157
Total general revenues and transfers				556,679
Change in net assets				45,025
Net assets - beginning of year				2,312,361
Net assets - ending of year				<u>\$ 2,357,386</u>

The accompanying notes are an integral part of these financial statements.

BLISSFIELD TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
As of March 31, 2012

	General	Fire Operating	Special Fire	Road Improvement	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 215,028	\$ 109,121	\$ -	\$ 277,014	\$ 601,163
Investments	-	-	36,507	-	36,507
Taxes receivable	5,042	5,699	2,850	8,330	21,921
Accounts receivable	-	-	-	-	-
Due from other funds	2,045	-	5,730	7,715	15,490
	<u>\$ 222,115</u>	<u>\$ 114,820</u>	<u>\$ 45,087</u>	<u>\$ 293,059</u>	<u>\$ 675,081</u>
Total assets					
LIABILITIES:					
Accounts payable	\$ 1,652	\$ 31,719	\$ -	\$ -	\$ 33,371
Due to other funds	-	13,049	-	-	13,049
	<u>1,652</u>	<u>44,768</u>	<u>-</u>	<u>-</u>	<u>46,420</u>
Total liabilities					
FUND BALANCES:					
Restricted for:					
Road maintenance	-	-	-	293,059	293,059
Fire operations	-	70,052	-	-	70,052
Fire equipment	-	-	45,087	-	45,087
Committed to:					
Cemetery	4,569	-	-	-	4,569
Unassigned:	215,894	-	-	-	215,894
	<u>220,463</u>	<u>70,052</u>	<u>45,087</u>	<u>293,059</u>	<u>628,661</u>
Total fund balance					
Total liabilities and fund balances	<u>\$ 222,115</u>	<u>\$ 114,820</u>	<u>\$ 45,087</u>	<u>\$ 293,059</u>	<u>\$ 675,081</u>
Total governmental fund balances					\$ 628,661
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds.					<u>1,728,725</u>
Total net assets of governmental activities					<u>\$ 2,357,386</u>

The accompanying notes are an integral part of these financial statements.

BLISSFIELD TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - GOVERNMENTAL FUNDS
Year Ended March 31, 2012

	General	Fire	Special Fire	Road Improvement	Total Governmental Funds
REVENUES:					
Taxes and penalties	\$ 130,679	\$ 124,007	\$ 61,988	\$ 182,668	\$ 499,342
State revenue sharing	46,582	-	-	-	46,582
Charges for services					
Cemetery	28,050	-	-	-	28,050
Permit fees	1,814	-	-	-	1,814
Ambulance and fire	-	95,625	-	-	95,625
Donations	1,800	-	3,070	-	4,870
Interest	2,456	1,232	436	474	4,598
Other revenue	6,157	-	-	-	6,157
Total revenues	<u>217,538</u>	<u>220,864</u>	<u>65,494</u>	<u>183,142</u>	<u>687,038</u>
EXPENDITURES:					
General government:					
Administration	115,721	-	-	-	115,721
Inspection/Appraisal	25,284	-	-	-	25,284
Cemetery	38,788	-	-	-	38,788
Capital outlay	-	-	-	-	-
Community and economic development					
Downtown development authority	16,210	-	-	-	16,210
Public works					
Highways and streets	-	-	-	165,979	165,979
Drains at large	8,709	-	-	-	8,709
Public safety					
Fire protection	-	214,228	-	-	214,228
Capital outlay	-	321,486	379,751	-	701,237
Total expenditures	<u>204,712</u>	<u>535,714</u>	<u>379,751</u>	<u>165,979</u>	<u>1,286,156</u>
Excess (deficiency) of revenues over expenditures	<u>12,826</u>	<u>(314,850)</u>	<u>(314,257)</u>	<u>17,163</u>	<u>(599,118)</u>
OTHER FINANCING SOURCES (USES):					
Grant proceeds	-	3,912	-	-	3,912
Bond proceeds	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>3,912</u>	<u>-</u>	<u>-</u>	<u>3,912</u>
Change in fund balances	12,826	(310,938)	(314,257)	17,163	(595,206)
Fund Balance - beginning of year	<u>207,637</u>	<u>380,990</u>	<u>359,344</u>	<u>275,896</u>	<u>1,223,867</u>
Fund Balance - end of year	<u>\$ 220,463</u>	<u>\$ 70,052</u>	<u>\$ 45,087</u>	<u>\$ 293,059</u>	<u>\$ 628,661</u>
Change in fund balances - total governmental funds					\$ (595,206)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because: (see Note 3 also):					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.					701,237
(Total depreciation \$61,006 less total capital outlay \$0).					<u>(61,006)</u>
Change in net assets of governmental activities					<u>\$ 45,025</u>

The accompanying notes are an integral part of these financial statements.

BLISSFIELD TOWNSHIP
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
As of March 31, 2012

ASSETS:

Cash and cash equivalents	\$ 2,441
Total assets	<u>\$ 2,441</u>

LIABILITIES:

Due to other funds	\$ 2,441
Due to other governmental units	-
Total liabilities	<u>\$ 2,441</u>

The accompanying notes are an integral part of these financial statements.

BLISSFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Blissfield, Lenawee County, Michigan have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Township also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities, provided they do not conflict with or contradict GASB pronouncements. The more significant of the Township's accounting policies are described below.

A. Reporting Entity

The Township of Blissfield (The Township) is a non-charter township, governed by a locally elected Board of Trustees. The Township provides the following services: public safety (fire protection and ambulance service), road construction, cemetery care, public improvements, planning and zoning, construction code inspections, and general administrative services.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 "*The Financial Reporting Entity*," these financial statements present the Township of Blissfield as the primary government. The criteria established by the GASB for determining the reporting entity includes fiscal dependency and whether the financial statements would be misleading if the data was not included. The Township had no component units at March 31, 2012.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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 major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as

BLISSFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state revenue sharing, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *fire operating fund* is used to account for the revenues and expenditures related to fire protection.

The *special fire fund* is used to account for the revenues and expenditures related to capital purchases for the fire department.

The *road improvement fund* is used to account for the revenues and expenditures related to the roads within the limits of the Township.

The Township reports the following major proprietary fund:

None.

Additionally, the Township reports the following fund type:

The Fiduciary Funds – Trust and Agency Funds (*Tax Collection Fund*) account for assets held by the Township as an agent for other governments. Agency funds are reported as fiduciary funds and are not included in the government-wide Statement of Net Assets and Statement of Activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

BLISSFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, liabilities, and net assets or equity

1. Deposits and investments

The Township's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with a maturity date within three months or less when acquired.

Investments include money market and certificates of deposit where the intent is to hold funds long-term, as well as investments with maturity dates over three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, Federal Agencies, commercial paper, corporate bonds, repurchase agreements, and State approved Investment Pools, in accordance with Michigan Compiled Laws Section 129.91.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Any trade and property tax receivables are shown net of an allowance for uncollectibles.

Properties are assessed as of December 31st, and the Township levies property taxes on July 1st and December 1st each year. These taxes become liens on the property at the levy date. Revenues generated by the tax levies of July 1, 2011 and December 1, 2011 are revenues in the Township's fiscal year ended March 31, 2012.

The 2012 taxable valuation of the Township totaled \$116.6 million, on which taxes levied consisted of .8765 mills for operating purposes, and 1.0000 mills for fire operations, .5000 for special fire (equipment), and 1.4737 for roads. The Township collects its assessments during the December 1st levy and are payable by February 14th without penalty.

Since the County, through revolving funds, obtains the delinquent real property taxes for the Township, the sixty (60) day rule does not apply to such delinquent taxes receivable.

Personal property taxes receivable is shown net of an allowance for uncollectibles.

3. Capital assets

Capital assets, which include property and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

BLISSFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, liabilities, and net assets or equity (Continued)

3. Capital assets (Continued)

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	30
Buildings and improvements	50
Machinery and equipment	10
Office equipment	10
Furniture	20
Computer equipment	5
Fire vehicles	20
Fire equipment	10

F. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Township Board prepares a preliminary operating budget covering the General and Special Revenue Funds in accordance with accounting principles generally accepted in the United States of America for presentation at a public hearing.
2. A public hearing is held in conjunction with a regular board meeting.
3. The Township Board adopts the budget on the departmental level at a regular meeting.
4. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances at March 31, 2012, has not been calculated.
5. Presented budgeted amounts are as originally adopted and as amended by the Township Board.

B. Excess of expenditures over appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. In the general-purpose financial statements, the Township's actual expenditures and budgetary expenditures for the budgetary funds have been shown on an activity basis. During the year ended March 31, 2012 the Township incurred expenditures in certain budgetary funds which were in excess of the amount appropriated. Expenditures that exceeded appropriations were as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Administration	113,709	115,723	(2,014)
Inspection/Appraisal	25,124	25,284	(160)
Cemetery	36,596	38,788	(2,192)
Downtown development	3,728	16,210	(12,482)
Fire Fund:			
Public safety	176,921	214,228	(37,307)
Capital outlay	283,314	321,486	(38,172)

BLISSFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2012

NOTE 3: DEPOSITS AND INVESTMENTS

Deposits

Township policy limits the Treasurer's investing options to financial institutions with branches located in the local area. All accounts are in the name of the Township and a specific fund. They are recorded at cost and interest is recorded when the deposits mature or accrue.

Custodial credit risk is the risk that in the event of bank failure, the deposits may not be returned to the Township. The Township does not have a policy for custodial credit risk. At year end, the following represents the custodial credit risk of the Township:

Uninsured and uncollateralized \$ 122,413

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended March 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Acquisitions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
<u>Cost</u>				
<u>Assets, not currently being depreciated:</u>				
Land	\$ 74,432	\$ -	\$ -	\$ 74,432
Land improvements	55,470	-	-	55,470
Building and improvements	981,458	-	-	981,458
Machinery and equipment	12,060	-	-	12,060
Fire vehicles and equipment	848,681	701,237	-	1,549,918
Office and computer equipment	11,819	-	(5,032)	6,787
Furniture and fixtures	6,547	-	-	6,547
Totals at historical cost	<u>1,916,035</u>	<u>701,237</u>	<u>5,032</u>	<u>2,612,240</u>
<u>Accumulated depreciation</u>				
Land improvements	16,131	1,848	-	17,979
Building and improvements	307,450	19,962	-	327,412
Machinery and equipment	11,012	349	-	11,361
Fire vehicles and equipment	553,176	37,970	-	591,146
Office and computer equipment	11,157	549	(5,032)	6,674
Furniture and fixtures	3,047	328	-	3,375
Total accumulated depreciation	<u>901,973</u>	<u>61,006</u>	<u>(5,032)</u>	<u>957,947</u>
Net depreciable assets	<u>1,014,062</u>	<u>640,231</u>	<u>-</u>	<u>1,654,293</u>
Capital assets, net	<u>\$ 1,088,494</u>	<u>\$ 640,231</u>	<u>\$ -</u>	<u>\$ 1,728,725</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement as "unallocated".

NOTE 5: RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past four fiscal years.

NOTE 6: DEFINED CONTRIBUTION PLAN

The Township provides retirement savings for elected and appointed officials and full time employees through the Blissfield Township Group Pension Plan. The plan is a qualified retirement 401(a) plan. Eligibility is satisfied when participants attain the age of eighteen (18). Contributions to the plan are based on voluntary employee and employer profit sharing contributions. The Township's pension expense for the year ended March 31, 2012 was \$13,650 and participants contributed \$650.

BLISSFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2012

NOTE 7: INTERFUND TRANSFERS

Interfund transfers are used to (1) move revenue from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) use Fire Operating Fund revenues for capital expenditures to the Special Fire Fund which is restricted for capital expenditures.

NOTE 8: SUBSEQUENT EVENTS

In preparing these financial statements, the Township has evaluated events and transactions for potential recognition or disclosure through September 13, 2012 the date the financial statements were issued.

BLISSFIELD TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended March 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over(Under)</u>
REVENUES:				
Property taxes	\$ 125,765	\$ 111,277	\$ 130,679	\$ 19,402
State revenue sharing	44,000	46,582	46,582	-
Charges for services				
Cemetery	16,485	17,435	28,050	10,615
Permit fees	4,000	2,007	1,814	(193)
Interest	8,600	7,146	2,456	(4,690)
Donations	-	-	1,800	1,800
Miscellaneous	12,000	11,000	6,157	(4,843)
	<u>210,850</u>	<u>195,447</u>	<u>217,538</u>	<u>22,091</u>
EXPENDITURES:				
General government				
Administration	115,369	113,709	115,721	2,012
Inspection/Appraisal	28,400	25,124	25,284	160
Cemetery	36,175	36,596	38,788	2,192
Community and economic development				
Downtown development authority	19,000	3,728	16,210	12,482
Drains at large	7,900	8,709	8,709	-
Capital outlay	100	100	-	(100)
	<u>206,944</u>	<u>187,966</u>	<u>204,712</u>	<u>16,746</u>
Excess (deficiency) of revenues over expenditures	<u>3,906</u>	<u>7,481</u>	<u>12,826</u>	<u>5,345</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	<u>\$ 3,906</u>	<u>\$ 7,481</u>	12,826	<u>\$ 5,345</u>
Fund Balance - beginning of year			<u>207,637</u>	
Fund Balance - end of year			<u>\$ 220,463</u>	

The accompanying notes are an integral part of these financial statements.

BLISSFIELD TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUNDS
Year Ended March 31, 2012

	Fire Operating Fund			
	Original Budget	Final Budget	Actual	Variance Over(Under)
REVENUES:				
Property taxes	\$ 107,700	\$ 123,984	\$ 124,007	\$ 23
Charges for services	98,000	93,747	95,625	1,878
Interest	2,210	1,211	1,232	21
Total revenues	<u>207,910</u>	<u>218,942</u>	<u>220,864</u>	<u>1,922</u>
EXPENDITURES:				
Public safety	181,860	176,921	214,228	37,307
Capital Outlay	1,000	283,314	321,486	38,172
Total expenditures	<u>182,860</u>	<u>460,235</u>	<u>535,714</u>	<u>75,479</u>
Excess (deficiency) of revenues over expenditures	<u>25,050</u>	<u>(241,293)</u>	<u>(314,850)</u>	<u>(73,557)</u>
OTHER FINANCING SOURCES (USES):				
Grant proceeds	-	-	3,912	3,912
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,912</u>	<u>3,912</u>
Change in fund balances	<u>\$ 25,050</u>	<u>\$ (241,293)</u>	<u>(310,938)</u>	<u>\$ (69,645)</u>
Fund Balance - beginning of year			<u>380,990</u>	
Fund Balance - end of year			<u>\$ 70,052</u>	

The accompanying notes are an integral part of these financial statements.

BLISSFIELD TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUNDS
Year Ended March 31, 2012

	Special Fire Fund			
	Original Budget	Final Budget	Actual	Variance Over(Under)
REVENUES:				
Property taxes	\$ 63,300	\$ 58,826	\$ 61,988	\$ 3,162
Interest	1,300	431	436	5
Other revenue	400	-	-	-
Donations	700	-	3,070	3,070
	<u>65,700</u>	<u>59,257</u>	<u>65,494</u>	<u>6,237</u>
Total revenues				
EXPENDITURES:				
Public safety				
Capital outlay	1,000	408,543	379,751	(28,792)
	<u>1,000</u>	<u>408,543</u>	<u>379,751</u>	<u>(28,792)</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>64,700</u>	<u>(349,286)</u>	<u>(314,257)</u>	<u>35,029</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
Change in fund balances	<u>\$ 64,700</u>	<u>\$ (349,286)</u>	(314,257)	<u>\$ 35,029</u>
Fund Balance - beginning of year			<u>359,344</u>	
Fund Balance - end of year			<u>\$ 45,087</u>	

The accompanying notes are an integral part of these financial statements.

BLISSFIELD TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUNDS
Year Ended March 31, 2012

	Road Improvement Fund			
	Original Budget	Final Budget	Actual	Variance Over(Under)
REVENUES:				
Property taxes	\$ 183,900	\$ 182,645	\$ 182,668	\$ 23
Interest	1,400	433	474	41
Total revenues	<u>185,300</u>	<u>183,078</u>	<u>183,142</u>	<u>64</u>
EXPENDITURES:				
Public works				
Highways & streets	<u>185,000</u>	<u>165,979</u>	<u>165,979</u>	<u>-</u>
Total expenditures	<u>185,000</u>	<u>165,979</u>	<u>165,979</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>300</u>	<u>17,099</u>	<u>17,163</u>	<u>64</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 300</u>	<u>\$ 17,099</u>	17,163	<u>\$ 64</u>
Fund Balance - beginning of year			<u>275,896</u>	
Fund Balance - end of year			<u>\$ 293,059</u>	

The accompanying notes are an integral part of these financial statements.