

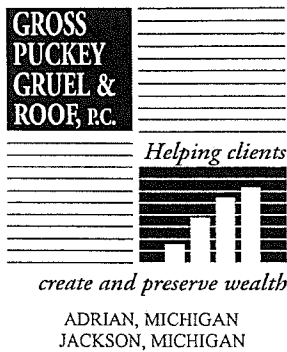
BLISSFIELD TOWNSHIP
Lenawee County, Michigan

FINANCIAL STATEMENTS and
INDEPENDENT AUDITORS' REPORT

Year Ended March 31, 2014

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, each major fund, and the aggregate remaining fund information of Blissfield Township, Lenawee County, Michigan, as of and for the year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Blissfield Township, Lenawee County, Michigan, as of March 31, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-5 and 17-20 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.

Gross, Puckey, Gruel & Roof, P.C.

Adrian, MI
August 22, 2014

BLISSFIELD TOWNSHIP
MANAGEMENT DISCUSSION and ANALYSIS
MARCH 31, 2014

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, 2014. 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, 2014:

State shared revenue, our largest revenue source in the General Fund, was increased by the State of Michigan by approximately \$8,614 this year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statements of net position and the statements of activities provide information about the activities of 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 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 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 position as of March 31, 2014 and March 31, 2013.

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets	\$ 1,069,615	\$ 845,441
Capital Assets, net	<u>1,547,626</u>	<u>1,637,193</u>
Total assets	<u>\$ 2,617,241</u>	<u>\$ 2,482,634</u>
Liabilities		
Current Liabilities	<u>\$ 31,560</u>	<u>\$ 28,265</u>
Net Position		
Invested in capital assets	\$ 1,547,626	\$ 1,637,193
Restricted	779,894	598,992
Unrestricted	<u>258,161</u>	<u>218,184</u>
Total net Position	<u>\$ 2,585,681</u>	<u>\$ 2,454,369</u>

BLISSFIELD TOWNSHIP
MANAGEMENT DISCUSSION and ANALYSIS
MARCH 31, 2014

THE TOWNSHIP AS A WHOLE-continued

The Township's net position as of March 31, 2014 was \$2,585,681. Amounts unrestricted (the part of net position that can be used to finance day-to-day operations) were \$258,161 at the end of the fiscal year. The net amounts invested in capital assets were at \$1,547,626.

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

Revenue	<u>2014</u>	<u>2013</u>
Property taxes	\$ 465,758	\$ 477,611
State Revenue Sharing	51,619	51,032
Donations	245	1,348
Interest and rentals	1,896	2,534
Other Revenues	17,022	6,466
Charges for services	111,970	132,627
Special item-gain on sale of cemetery land	9,000	-
Total Revenues	\$ 657,510	\$ 671,618
Expenditures	<u>2014</u>	<u>2013</u>
General government	\$ 169,223	\$ 189,029
Public safety	172,692	200,802
Public works	88,730	87,397
Capital outlay	-	-
Community development	8,924	5,875
Total Expenditures	\$ 439,569	\$ 483,103
Excess (deficiency) of revenues over expenditures	\$ 217,941	\$ 188,515

Government Activities

The Township's governmental revenues totaled \$657,510 with the greatest revenue source being property taxes. State shared revenue makes up approximately 7.9 percent of total governmental revenue and property taxes make up approximately 70.8 percent of total governmental revenue.

The Township incurred expenses of \$436,631 during the year. General government makes up 38 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 Blissfield Township as a whole. 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

BLISSFIELD TOWNSHIP
MANAGEMENT DISCUSSION and ANALYSIS
MARCH 31, 2014

millage. The Township's major funds for the fiscal year ended March 31, 2014 include the General Fund, Fire Fund, Special Fire Fund and the Road Fund.

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 \$1,547,626 invested in capital assets, including buildings, land and equipment. The Township did not have any outstanding debt as of March 31, 2014.

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 POSITION
As of March 31, 2014

	Governmental Activities
ASSETS:	
Current assets	
Cash and cash equivalents	\$ 1,031,202
Taxes receivable	16,326
Accounts receivable	19,932
Internal receivables	2,155
Total Current Assets	1,069,615
Non-current assets	
Capital assets	2,686,672
Less: accumulated depreciation	(1,139,046)
Total Non-current assets	1,547,626
Total assets	\$ 2,617,241
LIABILITIES:	
Current liabilities	
Accounts payable	\$ 9,264
Salaries and related payroll payables	25,234
Total Current Liabilities	34,498
Total liabilities	34,498
NET POSITION:	
Invested in capital assets, net of related debt	1,547,626
Restricted for:	
Fire operations	122,473
Road maintenance	492,734
Fire equipment	164,687
Unrestricted / undesignated	255,223
Total net position	\$ 2,582,743

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

BLISSFIELD TOWNSHIP
STATEMENT OF ACTIVITIES
Year Ended March 31, 2014

<u>Functions/Programs</u>	Program Revenues			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities Net (Expense) Revenue and Changes in Net Assets
Governmental activities:				
General government	\$ (174,051)	\$ 25,400	\$ -	\$ (148,651)
Community development	(8,924)	-	-	(8,924)
Public works	(88,730)	-	-	(88,730)
Public safety	(257,431)	86,570	245	(170,616)
Total governmental activities	<u>\$ (529,136)</u>	<u>\$ 111,970</u>	<u>\$ 245</u>	<u>\$ (416,921)</u>
General Revenues:				
Taxes and penalties				\$ 465,758
State revenue sharing				51,619
Investment earnings				1,896
Other revenue				17,022
Special item-gain on sale of cemetery land				9,000
Total general revenues, special items and transfers				<u>545,295</u>
Change in net position				128,374
Net position - beginning of year				<u>2,454,369</u>
Net position - end of year				<u>\$ 2,582,743</u>

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

BLISSFIELD TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
As of March 31, 2014

	General	Fire Operating	Special Fire	Road Improvement	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 248,813	\$ 145,895	\$ 157,688	\$ 478,806	\$ 1,031,202
Investments	-	-	-	-	-
Taxes receivable	3,755	4,246	2,121	6,204	16,326
Accounts receivable	-	19,932	-	-	19,932
Due from other funds	5,593	-	4,878	7,724	18,195
	<u>5,593</u>	<u>-</u>	<u>4,878</u>	<u>7,724</u>	<u>18,195</u>
Total assets	<u>\$ 258,161</u>	<u>\$ 170,073</u>	<u>\$ 164,687</u>	<u>\$ 492,734</u>	<u>\$ 1,085,655</u>
LIABILITIES:					
Accounts payable	\$ 2,938	\$ 6,326	\$ -	\$ -	\$ 9,264
Salaries payable	-	25,234	-	-	25,234
Due to other funds	-	16,040	-	-	16,040
	<u>2,938</u>	<u>47,600</u>	<u>-</u>	<u>-</u>	<u>50,538</u>
Total liabilities	<u>2,938</u>	<u>47,600</u>	<u>-</u>	<u>-</u>	<u>50,538</u>
FUND BALANCES:					
Restricted for:					
Road maintenance	-	-	-	492,734	492,734
Fire operations	-	122,473	-	-	122,473
Fire equipment	-	-	164,687	-	164,687
Committed to:					
Cemetery	4,103	-	-	-	4,103
Unassigned:	251,120	-	-	-	251,120
	<u>251,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,120</u>
Total fund balance	<u>255,223</u>	<u>122,473</u>	<u>164,687</u>	<u>492,734</u>	<u>1,035,117</u>
Total liabilities and fund balances	<u>\$ 258,161</u>	<u>\$ 170,073</u>	<u>\$ 164,687</u>	<u>\$ 492,734</u>	<u>\$ 1,085,655</u>
Total governmental fund balances					\$ 1,035,117
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>1,547,626</u>	
Net position of governmental activities				<u>\$ 2,582,743</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, 2014

	General	Fire Operating	Special Fire	Road Improvement	Total Governmental Funds
REVENUES:					
Taxes and penalties	\$ 109,275	\$ 120,625	\$ 57,964	\$ 177,894	\$ 465,758
State revenue sharing	51,619	-	-	-	51,619
Charges for services					
Cemetery	23,500	-	-	-	23,500
Permit fees	1,900	-	-	-	1,900
Ambulance and fire	-	86,570	-	-	86,570
Sale of land-cemetery	9,000	-	-	-	9,000
Donations	-	-	245	-	245
Refunds	-	-	-	-	-
Interest	1,077	264	184	371	1,896
Other revenue	15,886	1,136	-	-	17,022
Total revenues	212,257	208,595	58,393	178,265	657,510
EXPENDITURES:					
General government:					
Administration	110,304	4,276	-	-	114,580
Inspection/Appraisal	22,391	-	-	-	22,391
Cemetery	32,252	-	-	-	32,252
Capital outlay	-	-	-	-	-
Community and economic development					
Downtown development authority	3,365	5,559	-	-	8,924
Public works					
Highways and streets	-	-	-	81,824	81,824
Drains at large	6,906	-	-	-	6,906
Public safety					
Fire protection	-	172,692	-	-	172,692
Capital outlay	-	-	-	-	-
Total expenditures	175,218	182,527	-	81,824	439,569
Excess (deficiency) of revenues over expenditures	37,039	26,068	58,393	96,441	217,941
OTHER FINANCING SOURCES (USES):					
Grant proceeds	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Change in fund balances	37,039	26,068	58,393	96,441	217,941
Fund Balance - beginning of year	218,184	96,405	106,294	396,293	817,176
Fund Balance - end of year	\$ 255,223	\$ 122,473	\$ 164,687	\$ 492,734	\$ 1,035,117
Change in fund balances - total governmental funds					\$ 217,941
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.					
(Total depreciation \$89,567 less total capital outlay \$0).					
Change in net position of governmental activities					\$ 128,374

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

BLISSFIELD TOWNSHIP
STATEMENT OF Fiduciary Net Position
FIDUCIARY FUND
As of March 31, 2014

ASSETS:

Cash and cash equivalents	\$ 2,155
Total assets	<u>\$ 2,155</u>

LIABILITIES:

Due to other funds	\$ 2,155
Due to other governmental units	-
Total liabilities	<u>\$ 2,155</u>

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

BLISSFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2014

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, 2014.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) 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 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.

BLISSFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Expenditures generally are recorded when a liability is incurred, as 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 Position 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, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township does not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township does not have any deferred inflows of resources.

F. Assets, liabilities, and net position 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, 2013 and December 1, 2013 are revenues in the Township's fiscal year ended March 31, 2014.

The 2014 taxable valuation of the Township totaled \$118.9 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.

BLISSFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, liabilities, and net position or equity (Continued)

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.

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

G. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed– The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Township board. Those committed amounts cannot be used for any other purpose unless the Township board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Township board by resolution or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

BLISSFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2014

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, 2014, 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, 2014 the Township incurred expenditures in certain budgetary funds which were in excess of the amount appropriated. Expenditures that exceeded appropriations were as follows:

Fund	Appropriations	Actual	Variance
General Fund:			
Cemetery	31,526	32,252	(726)
Drains at large	5,006	6,906	(1,900)
Fire Fund:			
Community and economic development	-	5,559	(5,559)
General Government	-	4,276	(4,276)
Road Fund			
Highways & streets	68,511	81,824	(13,313)

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 \$ 507,187

NOTE 4: 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.

BLISSFIELD TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2014

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended March 31, 2014 was as follows:

<u>Cost</u>	<u>Beginning Balance</u>	<u>Acquisitions</u>	<u>Dispositions</u>	<u>Ending Balance</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	1,549,918	-	-	1,549,918
Office and computer equipment	6,787	-	-	6,787
Furniture and fixtures	6,547	-	-	6,547
Totals at historical cost	<u>2,612,240</u>	<u>-</u>	<u>-</u>	<u>2,612,240</u>
<u>Accumulated depreciation</u>				
Land improvements	19,828	1,851	-	21,679
Building and improvements	347,369	19,960	-	367,329
Machinery and equipment	11,711	349	-	12,060
Fire vehicles and equipment	660,102	67,070	-	727,172
Office and computer equipment	6,770	17	-	6,787
Furniture and fixtures	3,699	320	-	4,019
Total accumulated depreciation	<u>1,049,479</u>	<u>89,567</u>	<u>-</u>	<u>1,139,046</u>
Net depreciable assets	<u>\$ 1,562,761</u>	<u>\$ 89,567</u>	<u>\$ -</u>	<u>\$ 1,473,194</u>

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

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, 2014 was \$7,650 and participants contributed \$2,550.

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: CHANGE IN ACCOUNTING PRINCIPLE

For 2013, the Township implemented Governmental Accounting Standard Board (GASB) Statement NO. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Township's 2013 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 9: SUBSEQUENT EVENTS

In preparing these financial statements, the Township has evaluated events and transactions for potential recognition or disclosure through August 22, 2014 the date the financial statements were issued.

BLISSFIELD TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended March 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over(Under)</u>
REVENUES:				
Property taxes	\$ 115,875	\$ 112,184	\$ 109,275	\$ (2,909)
State revenue sharing	48,000	55,619	51,619	(4,000)
Charges for services				
Cemetery	15,000	11,500	23,500	12,000
Licenses and permits	1,600	2,000	1,900	(100)
Sale of land-cemetery	-	-	9,000	9,000
Interest	9,300	7,387	1,077	(6,310)
Miscellaneous	7,000	4,600	15,886	11,286
	<u>196,775</u>	<u>193,290</u>	<u>212,257</u>	<u>18,967</u>
EXPENDITURES:				
General government				
Administration	108,825	111,999	110,304	(1,695)
Inspection/Appraisal	23,693	23,086	22,391	(695)
Cemetery	31,250	31,526	32,252	726
Community and economic development				
Downtown development authority	4,000	3,365	3,365	0
Drains at large	7,600	5,006	6,906	1,900
Capital outlay	1,500	1,199	-	(1,199)
	<u>176,868</u>	<u>176,181</u>	<u>175,218</u>	<u>(963)</u>
Excess (deficiency) of revenues over expenditures	<u>19,907</u>	<u>17,109</u>	<u>37,039</u>	<u>19,930</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>\$ 19,907</u>	<u>\$ 17,109</u>	37,039	<u>\$ 19,930</u>
Fund Balance - beginning of year			<u>218,184</u>	
Fund Balance - end of year			<u>\$ 255,223</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, 2014

	Fire Operating Fund			
	Original Budget	Final Budget	Actual	Variance Over(Under)
REVENUES:				
Property taxes	\$ 124,500	\$ 122,079	\$ 120,625	\$ (1,454)
Charges for services	93,000	64,319	86,570	22,251
Interest	160	130	264	134
Other revenue	-	-	1,136	1,136
Total revenues	<u>217,660</u>	<u>186,528</u>	<u>208,595</u>	<u>22,067</u>
EXPENDITURES:				
Public safety	217,875	196,742	172,692	(24,050)
Capital Outlay	1,000	1,929	-	(1,929)
Community and economic development				
Downtown development authority	-	-	5,559	5,559
General Government	-	-	4,276	4,276
Total expenditures	<u>218,875</u>	<u>198,671</u>	<u>182,527</u>	<u>(16,144)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,215)</u>	<u>(12,143)</u>	<u>26,068</u>	<u>38,211</u>
OTHER FINANCING SOURCES (USES):				
Grant proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	<u>\$ (1,215)</u>	<u>\$ (12,143)</u>	<u>26,068</u>	<u>\$ 38,211</u>
Fund Balance - beginning of year			<u>96,405</u>	
Fund Balance - end of year			<u>\$ 122,473</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, 2014

	Special Fire Fund			
	Original Budget	Final Budget	Actual	Variance Over(Under)
REVENUES:				
Property taxes	\$ 57,000	\$ 51,837	\$ 57,964	\$ 6,127
Interest	50	97	184	87
Other revenue	-	-	-	-
Donations	-	-	245	245
	<u>57,050</u>	<u>51,934</u>	<u>58,393</u>	<u>6,459</u>
Total revenues				
EXPENDITURES:				
Public safety				
Capital outlay	500	-	-	-
Miscellaneous	-	-	-	-
	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>56,550</u>	<u>51,934</u>	<u>58,393</u>	<u>6,459</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>\$ 56,550</u>	<u>\$ 51,934</u>	58,393	<u>\$ 6,459</u>
Fund Balance - beginning of year			<u>106,294</u>	
Fund Balance - end of year			<u>\$ 164,687</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, 2014

	Road Improvement Fund			Variance Over(Under)
	Original Budget	Final Budget	Actual	
REVENUES:				
Property taxes	\$ 174,000	\$ 180,019	\$ 177,894	\$ (2,125)
Refunds	-	-	-	-
Interest	400	168	371	203
Total revenues	<u>174,400</u>	<u>180,187</u>	<u>178,265</u>	<u>(1,922)</u>
EXPENDITURES:				
Public works				
Highways & streets	<u>155,000</u>	<u>68,511</u>	<u>81,824</u>	<u>\$ 13,313</u>
Total expenditures	<u>155,000</u>	<u>68,511</u>	<u>81,824</u>	<u>13,313</u>
Excess (deficiency) of revenues over expenditures	<u>19,400</u>	<u>111,676</u>	<u>96,441</u>	<u>(15,235)</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>\$ 19,400</u>	<u>\$ 111,676</u>	96,441	<u>\$ (15,235)</u>
Fund Balance - beginning of year			<u>396,293</u>	
Fund Balance - end of year			<u>\$ 492,734</u>	

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