

**BLISSFIELD TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

**WITH
INDEPENDENT AUDITOR'S REPORT**



LALLY GROUP, PC

Certified Public Accountants • A Professional Corporation

"Trusted Service for a Confident Tomorrow"

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INDEPENDENT AUDITORS' REPORT

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**BLISSFIELD TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MARCH 31, 2017

As management of Blissfield Township, Lenawee County, Michigan, we offer readers of Blissfield Township, Lenawee County, Michigan's financial statements this narrative overview and analysis of the financial activities of Blissfield Township, Lenawee County, Michigan for the fiscal year ended March 31, 2017. We encourage readers to consider the information presented here.

Financial Highlights

- ◆ The assets of Blissfield Township, Lenawee County, Michigan exceeded its liabilities at the close of the most recent fiscal year by \$2,569,310 (*net position*). Of this amount, \$283,290 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The government's total net position decreased \$100,192.
- ◆ As of the close of the current year, Blissfield Township, Lenawee County, Michigan's governmental funds reported combined ending fund balances of \$1,260,079 a decrease of \$13,932 in comparison with the prior year.
- ◆ At the end of the current year, unassigned fund balance for the general fund was \$278,987 or 121 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Blissfield Township, Lenawee County, Michigan's basic financial statements. Blissfield Township, Lenawee County, Michigan'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 required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Blissfield Township, Lenawee County, Michigan's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Blissfield Township, Lenawee County, Michigan's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Blissfield Township, Lenawee County, Michigan is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of Blissfield Township, Lenawee County, Michigan 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*). The governmental activities of Blissfield Township, Lenawee County, Michigan include general government, public safety, streets and highways, sanitation, and cemetery operating. The business-type activity of Blissfield Township, Lenawee County, Michigan is the sewer system.

The government-wide financial statements can be found on pages 3 – 4 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Blissfield Township, Lenawee County, Michigan, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Blissfield Township, Lenawee County, Michigan can be divided into three categories: governmental, proprietary, and fiduciary funds.

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.

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*.

Blissfield Township, Lenawee County, Michigan maintains four 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 Fund, Cemetery Operating, Debt Service, and Cemetery Perpetual Care, which are considered to be major funds.

Blissfield Township, Lenawee County, Michigan adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for all major governmental funds to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 5-7 of this report.

Fiduciary Fund. The Fiduciary Fund (Tax Account) is used to account for resources held under tax collection activity. The Fiduciary fund is *not* reflected in the government-wide financial statement. The accounting used for the Fiduciary Fund is much like that used for Proprietary Funds.

The basic fiduciary fund financial statements can be found on pages 8 of this report.

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 9-17 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Blissfield Township, Lenawee County, Michigan, assets exceeded liabilities by \$2,569,310 at the close of the most recent fiscal year.

A large portion of Blissfield Township, Lenawee County, Michigan's net position (51 percent) reflects its investment in capital assets (e.g., land, buildings, equipment). Blissfield Township, Lenawee County, Michigan uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Blissfield Township, Lenawee County, Michigan's Net Position

	<u>Governmental Activities</u>
Current and other assets	\$ 1,290,676
Capital assets	1,309,231
Total Assets	<u>2,599,907</u>
Current Liabilities	<u>30,597</u>
Total Liabilities	<u>30,597</u>
Net Position:	
Invested in capital assets, net of related debt	1,309,231
Restricted	976,789
Unrestricted	283,290
Total net position	<u>\$ 2,569,310</u>

A portion of Blissfield Township, Lenawee County, Michigan's net position (39 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$247,634) may be used to meet the government's ongoing obligations to citizens and creditors.

A summary of Blissfield Township's change in net position

Program revenues:	
Licenses and permits	\$ 3,898
Lot sales and rentals	37,998
Ambulance services	100,761
Total program revenues	<u>142,657</u>
General revenues:	
Property taxes	524,812
State revenues	49,414
Interest income	2,094
Donations	200
Miscellaneous	10,706
Total general revenues	<u>587,226</u>
Total revenues	<u>729,883</u>
Program expenses:	
Governmental activities	
General government	247,472
Public safety	270,758
Streets and bridges	309,091
Community development	2,754
Total expenses	<u>830,075</u>
Change in net position	(100,192)
Net Position - beginning of year	<u>2,669,502</u>
Net Position - end of year	<u>\$ 2,569,310</u>

At the end of the current fiscal year, Blissfield Township, Lenawee County, Michigan is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Financial Analysis of the Government's Funds

As noted earlier, Blissfield Township, Lenawee County, Michigan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Blissfield Township, Lenawee County, Michigan's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Blissfield Township, Lenawee County, Michigan's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of this fiscal year.

As of the end of the current fiscal year, Blissfield Township, Lenawee County, Michigan's governmental funds reported combined ending fund balances of \$1,260,079 a decrease of \$13,932 in comparison with the prior year.

The general fund is the chief operating fund of Blissfield Township, Lenawee County, Michigan. At the end of the current fiscal year, unassigned fund balance of the general fund was \$278,987.

The fund balance of Blissfield Township, Lenawee County, Michigan's general fund increased by \$35,656 during the current fiscal year.

General Fund Budgetary Highlights

For fiscal year 2016-17 actual revenues were more than budgeted, with property taxes exceeding budget by \$20,501.

Blissfield Township, Lenawee County, Michigan's Capital Assets

The Township's net book value of capital assets is shown below:

Land	\$	74,432
Land improvements		28,247
Buildings		575,671
Furniture and equipment		1,566
Fire vehicles and equipment		<u>629,315</u>
Total	\$	<u>1,309,231</u>

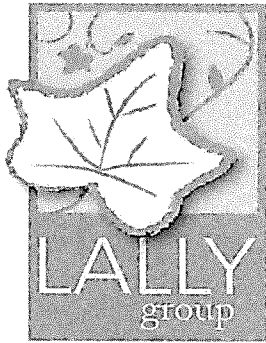
Additional information on Blissfield Township's capital assets can be found in Note 3 C. on page 16.

Economic Factors and Next Year's Budgets and Rates

The Township Board kept a conservative approach in developing the fiscal year 2017-18 budget. All elected officials' salaries are unchanged from prior year. Expenditures are projected to be in line with prior year.

Requests for Information

This financial report is designed to provide a general overview of Blissfield Township, Lenawee County, Michigan's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Blissfield Township Clerk or Treasurer at the Township Hall at PO Box 58, 120 South Lane Street, Blissfield, MI 49228.



LALLY GROUP, PC

Certified Public Accountants

"Trusted Service for a Confident Tomorrow"

Jackson Office

110 1st Street
JACKSON, MICHIGAN 49201
(517) 787-0064

Website: www.lallycpa.com
E-Mail: info@lallycpa.com

Lansing Office

7335 Westshire Drive
LANSING, MICHIGAN 48917
(517) 627-4008

(517) 321-4333

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, each major fund, and the aggregate remaining fund information of Blissfield Township, Lenawee County, Michigan, as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Blissfield Township
Lenawee County, Michigan

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, each major fund, and the aggregate remaining fund information of Blissfield Township, Lenawee County, Michigan, as of March 31, 2017, and the respective changes in financial position for the year then ended in conformity 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 on pages i to vi 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 be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Blissfield Township, Lenawee County, Michigan basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Lally Group, PC

Jackson, Michigan
September 28, 2017

Basic Financial Statement

BLISSFIELD TOWNSHIP
STATEMENT OF NET POSITION
MARCH 31, 2017

ASSETS:		
Cash		\$ 1,193,683
Taxes receivable		16,016
Accounts receivable (net of allowance for uncollectible)		37,845
Due from tax account		43,132
Capital assets:		
Land		74,432
Land improvements		28,247
Buildings		575,671
Furniture and equipment		1,566
Fire vehicles and equipment		629,315
Total assets		<u>\$ 2,599,907</u>
LIABILITIES:		
Accounts payable		\$ 14,482
Accrued liabilities		16,115
Total liabilities		<u>30,597</u>
NET POSITION:		
Invested in capital assets, net of related debt		1,309,231
Restricted for:		
Fire operations		246,530
Road maintenance		388,366
Fire equipment		341,893
Unrestricted		283,290
Total net position		<u>2,569,310</u>
Total liabilities and net position		<u>\$ 2,599,907</u>

The notes to the financial statements are an integral part of this statement.

BLISSFIELD TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2017

Functions/programs	Expenses	<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
Primary Government:		Charges for Services	Operating Grants and Contributions	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Governmental activities:				
General government	\$ 247,472	\$ 41,896	\$ 200	\$ (205,376)
Public safety	270,758	100,761		(169,997)
Highways, streets and bridges	309,091			(309,091)
Community and economic development	2,754			(2,754)
Total governmental activities	<u>830,075</u>	<u>142,657</u>	<u>200</u>	<u>(687,218)</u>
		General revenues:		
				\$ 524,812
				49,414
				2,094
				10,706
				<u>587,026</u>
				(100,192)
				<u>2,669,502</u>
				<u>\$ 2,569,310</u>

The notes to the financial statements are an integral part of this statement.

BLISSFIELD TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUND
MARCH 31, 2017

	General Fund	Fire Operating	Special Fire	Road Improvement	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 185,424	\$ 290,816	\$ 334,522	\$ 382,921	\$ 1,193,683
Receivables:					
Accounts	0	37,845	0	0	37,845
Taxes	4,123	3,847	2,377	5,669	16,016
Due from other funds	67,931	0	4,994	0	72,925
Due from agency fund	43,132	0	0	0	43,132
 Total assets	 <u>\$ 300,610</u>	 <u>\$ 332,508</u>	 <u>\$ 341,893</u>	 <u>\$ 388,590</u>	 <u>\$ 1,363,601</u>
LIABILITIES:					
Accounts payable	\$ 1,205	\$ 13,277	\$ 0	\$ 0	\$ 14,482
Accrued liabilities	16,115	0	0	0	16,115
Due to other funds	0	72,701	0	224	72,925
 Total liabilities	 <u>17,320</u>	 <u>85,978</u>	 <u>0</u>	 <u>224</u>	 <u>103,522</u>
FUND BALANCES:					
Restricted:					
Road maintenance	0	0	0	388,366	388,366
Fire operations	0	246,530	0	0	246,530
Fire equipment	0	0	341,893	0	341,893
Committed:					
Cemetery	4,303	0	0	0	4,303
Unassigned	278,987	0	0	0	278,987
 Total fund balance	 <u>283,290</u>	 <u>246,530</u>	 <u>341,893</u>	 <u>388,366</u>	 <u>1,260,079</u>
 Total liabilities and fund balances	 <u>\$ 300,610</u>	 <u>\$ 332,508</u>	 <u>\$ 341,893</u>	 <u>\$ 388,590</u>	 <u>\$ 1,363,601</u>

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

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

\$ 1,395,491

Total governmental fund balances

1,260,079

Net position of governmental activities

\$ 2,655,570

The notes to the financial statements are an integral part of this statement.

BLISSFIELD TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2017

	General Fund	Fire Operating	Special Fire	Road Improvement	Total Governmental Funds
REVENUES:					
Property taxes - general	\$ 165,601			\$ 175,254	\$ 340,855
Property taxes - fire/ambulance		124,496	59,461		183,957
Licenses and permits	3,898				3,898
Public safety		100,761			100,761
Intergovernmental revenues	49,414				49,414
Miscellaneous revenues	7,813	2,893			10,706
Lot sales and fees	31,200				31,200
Rental	6,798				6,798
Interest	253	438	388	1,015	2,094
Donations	200				200
Total revenues	265,177	228,588	59,849	176,269	729,883
EXPENDITURES:					
Current:					
General government	224,475				224,475
Public safety	2,292	204,691	512		207,495
Highways, streets and bridges				309,091	309,091
Community and economic development	2,754				2,754
Total expenditures	229,521	204,691	512	309,091	743,815
Excess (deficiency) of revenues over (under) expenditures	35,656	23,897	59,337	(132,822)	(13,932)
Other financing sources (uses):					
Transfers in					0
Transfers out					0
Total other financing sources (uses)	0	0	0	0	0
Net change in fund balance	35,656	23,897	59,337	(132,822)	(13,932)
Fund balances - beginning of year	247,634	222,633	282,556	521,188	1,274,011
Fund balances - end of year	\$ 283,290	\$ 246,530	\$ 341,893	\$ 388,366	\$ 1,260,079

The notes to the financial statements are an integral part of this statement.

BLISSFIELD TOWNSHIP
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED MARCH 31, 2017

Net change in fund balances total governmental funds	\$	(13,932)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Total capital outlay \$0 depreciation \$86,260).</p>		
		<u>(86,260)</u>
Change in net position of governmental activities	\$	<u><u>(100,192)</u></u>

The notes to the financial statements are an integral part of this statement.

BLISSFIELD TOWNSHIP
STATEMENT NET POSITION
FIDUCIARY FUND
MARCH 31, 2017

	<u>Agency Fund Tax Account</u>
ASSETS:	
Cash	<u>\$ 50,762</u>
Total assets	<u>50,762</u>
LIABILITIES:	
Due to General Fund	43,132
Due to other governmental units	<u>7,630</u>
Total liabilities	<u>\$ 50,762</u>

The notes to the financial statements are an integral part of this statement.

BLISSFIELD TOWNSHIP
LENAWEE COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Blissfield Township, Lenawee County, Michigan (the "Township") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

A. Reporting Entity

The Township of Blissfield is a noncharter township, governed by a Board of Trustees. As required by generally accepted accounting principles, these financial statements present Blissfield Township as a primary government. There are no component units to the Township.

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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 fund, and fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major governmental funds and a major enterprise fund 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 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 for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

BLISSFIELD TOWNSHIP
LENAWEE COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 government 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 under accrual accounting.

Amounts due from other governments and services provided 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources 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.

Additionally, the government reports the following fund types:

The *Fiduciary Funds – Trust and Agency Type Funds* are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The *Agency Fund (Tax Account)* is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

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 of utility charges between the Township's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various function concerned.

**BLISSFIELD TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported as *program revenues* included 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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.

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. Actual results could differ from those estimates.

E. Assets, liabilities, and net assets or equity.

1. Cash and investments

Cash and cash equivalents includes amounts in cash on hand, demand deposits, except those deposits noted as investments (see below), as well as short-term investments with a maturity date within three months of the date acquired by the government

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.

Investments are stated at cost or amortized cost. The Township will use amortized cost only when it reflects fair value of the investment. Currently, no investments are stated at amortized cost.

**BLISSFIELD TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Receivables and payables

Activity 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 noncurrent 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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Township had no advances between funds at March 31, 2017.

Properties are assessed as of December 31 and the tax levy is December 1 of the following year. The tax levy of December 1, 2016 is revenue in the Township's fiscal year ended March 31, 2017.

The Township had a general tax millage of 0.87650 for 2016. The Township's maximum allowable millage is 1.000 mill. Also, the Township has 1.0000 mills for fire operating, .5000 mills for special fire (equipment), and 1.47370 for roads.

3. Capital Assets

Capital assets, which include land, buildings, furniture and equipment, fire vehicles and equipment, and sewer system) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government 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 assets 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
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Assets (Continued)

Buildings, equipment, and sewer system of the Township are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Equipment and furniture	10 – 20
Fire vehicles	10 – 20
Fire equipment	10 – 20
Sewer system	40

4. Fund Balance Classification Policies and Procedures

Fund balance classification shown in the governmental fund financial statements are nonspendable, restricted, committed, assigned or unassigned.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purpose determined by a formal action of the Township Board.

Amounts in the assigned fund balance classification are constrained by the Township Board's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the Township itself or a delegated body (for example a budget or finance committee) or an official to which the Township Board has delegated the authority to assign accounts to be used for specific purposes.

Unassigned fund balance is the residual classification usually for the Township's General Fund and includes all spendable amounts not contained in the other classifications.

Under Township policy, when both restricted and unrestricted (committed, assigned, or unassigned) amounts are available for a purpose, the Township considers using the restricted funds first and then the unrestricted when an expenditure is incurred. Within the unrestricted fund balance amounts, the Township considers the committed first used, then unassigned for an applicable expenditure.

**BLISSFIELD TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Fund Balance Classification Policies and Procedures (Continued)

For determination of classification the Township first determines the nonspendable then the restricted, committed, assigned and unassigned, in that order. If a deficit occurs for a certain purpose in a fund, assigned amounts for other purposes would be used to offset the deficit if possible.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The accounting basis used by the Township for budgeting is in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Township follows the budgetary procedures outlined by the State of Michigan including public hearings and proper adoption. All funds of the Township have a budget. All annual appropriations lapse at fiscal year end. The budgets are amended during the year as needed.

B. Excess of expenditures over appropriations in budgetary funds

P.A. 621 of 1978, Section 18(1), as amended, of the State of Michigan provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

In the required supplemental information, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2017, the Township incurred expenditures in the General Fund which were in excess of the amounts appropriated, as follows:

	<u>Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
General government:			
Supervisor	\$ 10,000	\$ 10,968	\$ 968
Clerk	27,000	31,854	4,854
Treasurer	23,000	25,509	2,509
Assessor	48,685	62,849	14,164
Zoning	150	160	10
Election	4,789	8,149	3,360
Cemetery	37,506	45,332	7,826
Community/Economic Development:			
Downtown Development Authority	\$ 2,500	\$ 2,754	\$ 254
Fire Operating Fund:			
Public Safety	\$ 184,116	\$ 195,208	\$ 11,092
Capital Outlay	2,340	9,483	7,143
Road Improvement Fund:			
Highways and streets	\$ 309,056	\$ 309,091	\$ 35

These additional expenditures were funded by the fund balance of the General Fund.

**BLISSFIELD TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Primary Government

Deposits. At year end, the carrying value of the Township's deposits was \$1,244,445 and the bank balance was \$1,241,648. The total bank balance is classified in the following three categories of credit risk: (1) Insured or collateralized with securities held by the Township or by its agent in the Township's name. (2) Collateralized with securities held by a pledging financial institution's trust department or agent in the Township's name. (3) Uncollateralized. (This includes any bank balance that is collateralized with securities held by a pledging financial institution or by its trust department or agent but not in the Township's name.)

Due to higher cash flows during certain times of the year, especially when property taxes are being collected, deposits of the Township increase significantly. As a result, the amounts classified in category 3 at those times of year were substantially higher than at year end.

	Categories			Total
	1	2	3	
Checking	\$ 692,421	\$ 0	\$ 549,227	\$1,241,648

Bank balances shown in Category 1 are insured by Federal Depository Insurance.

All deposits are with banks located in Michigan as required by statutes.

B. Receivables

Receivables as of year-end for the government's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Fire Operating	Special Fire	Road Improvement	Total
Receivables:					
Taxes	\$ 4,123	\$ 3,847	\$2,377	\$ 5,669	\$16,016
Accounts		37,845			37,845
Net total receivables	\$ 4,123	\$ 41,692	\$2,377	\$ 5,669	\$53,861

BLISSFIELD TOWNSHIP
LENAWEE COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital assets activity for the year ended March 31, 2017 was as follows:

Primary Government

	Beginning Balance	Acquisitions	Dispositions	Ending Balance
Governmental activities:				
Assets not being depreciated - land	\$ 74,432	\$	\$	\$ 74,432
Capital assets being depreciated:				
Land improvements	55,470			55,470
Buildings and improvements	1,005,338			1,005,338
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
Total capital assets being depreciated	<u>2,636,120</u>	<u>0</u>	<u>0</u>	<u>2,636,120</u>
Less accumulated depreciation for:				
Land improvements	25,374	1,849		27,223
Buildings and improvements	408,840	20,827		429,667
Machinery and equipment	12,060			12,060
Fire vehicles and equipment	857,340	63,263		920,603
Office and computer equipment	6,787			6,787
Furniture and fixtures	4,660	321		4,981
Total accumulated depreciation	<u>1,315,061</u>	<u>86,260</u>	<u>0</u>	<u>1,401,321</u>
Total net capital assets being depreciated	<u>1,321,059</u>	<u>(86,260)</u>	<u>0</u>	<u>1,234,799</u>
Governmental activities net capital assets	<u>\$ 1,395,491</u>	<u>\$ (86,260)</u>	<u>\$ 0</u>	<u>\$ 1,309,231</u>

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

**BLISSFIELD TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund receivables, payables, and transfers

Primary Government

Due to/from other funds:

Fund	Interfund Receivable	Fund	Interfund Payable
General	\$ 43,132	Agency Fund	\$ 43,132
General	67,707	Fire Operating	67,707
General	224	Road Improvement	224
Special Fire	4,994	General	4,994
	\$ 116,057		\$ 116,057

Interfund transfers:

There were no interfund transfers during the current fiscal year ended March 31, 2017.

NOTE 4. 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, 2017 was \$12,300.

NOTE 5. SUBSEQUENT EVENTS

The Township has had no significant subsequent events since March 31, 2017 to September 28, 2017, which would materially affect the financial condition of the Township.

REQUIRED SUPPLEMENTAL INFORMATION

BLISSFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property Taxes:				
General	\$ 137,100	\$ 145,100	\$ 165,601	\$ 20,501
Donations	0	0	200	200
Total property taxes	<u>137,100</u>	<u>145,100</u>	<u>165,801</u>	<u>20,701</u>
Licenses and permits:				
Dog licenses	500	500	348	(152)
Permits and fees	2,785	2,785	3,550	765
Total licenses and fees	<u>3,285</u>	<u>3,285</u>	<u>3,898</u>	<u>613</u>
Intergovernmental revenues:				
State shared revenues	<u>49,000</u>	<u>49,000</u>	<u>49,414</u>	<u>414</u>
Miscellaneous revenues:				
Zoning hearings/land division	0	0	0	0
Miscellaneous	<u>6,000</u>	<u>7,000</u>	<u>7,813</u>	<u>813</u>
Total miscellaneous revenues	<u>6,000</u>	<u>7,000</u>	<u>7,813</u>	<u>813</u>
Rental	5,500	7,200	6,798	(402)
Interest	300	805	253	(552)
Cemetery	<u>21,500</u>	<u>26,450</u>	<u>31,200</u>	<u>4,750</u>
Total revenues	<u>222,685</u>	<u>238,840</u>	<u>265,177</u>	<u>26,337</u>

The notes to the financial statements are an integral part of this statement.

BLISSFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES:				
General government:				
Supervisor	\$ 10,000	\$ 10,000	\$ 10,968	\$ (968)
Clerk	27,000	27,000	31,854	(4,854)
Treasurer	23,000	23,000	25,509	(2,509)
Assessor	48,685	48,685	62,849	(14,164)
Township board	54,150	53,699	38,494	15,205
Board of review	1,500	1,500	1,160	340
Zoning	150	150	160	(10)
Election	4,000	4,789	8,149	(3,360)
Cemetery	30,350	37,506	45,332	(7,826)
Total general government	<u>198,835</u>	<u>206,329</u>	<u>224,475</u>	<u>(18,146)</u>
Public safety:				
Building and electrical inspections	2,500	3,550	2,292	1,258
Total public safety	<u>2,500</u>	<u>3,550</u>	<u>2,292</u>	<u>1,258</u>
Community/Economic Development:				
Downtown Development Authority	2,500	2,500	2,754	(254)
Total community/economic development	<u>2,500</u>	<u>2,500</u>	<u>2,754</u>	<u>(254)</u>
Total expenditures	<u>203,835</u>	<u>212,379</u>	<u>229,521</u>	<u>(17,142)</u>
Excess (deficiency) of revenues over (under) expenditures	18,850	26,461	35,656	9,195
Fund balances - beginning of year			<u>247,634</u>	
Fund balances - end of year			<u><u>\$ 283,290</u></u>	

The notes to the financial statements are an integral part of this statement.

BLISSFIELD TOWNSHIP
 FIRE OPERATING FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED MARCH 31, 2017

	Fire Operating Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES:				
Property taxes	\$ 122,200	\$ 117,063	\$ 124,496	\$ 7,433
Charges for services	91,000	87,176	100,761	13,585
Interest	250	250	438	188
Other revenue	0	0	2,893	2,893
Total revenues	<u>213,450</u>	<u>204,489</u>	<u>228,588</u>	<u>24,099</u>
EXPENDITURES:				
Public safety	165,998	184,116	195,208	(11,092)
Capital outlay	6,000	2,340	9,483	(7,143)
Total expenditures	<u>171,998</u>	<u>186,456</u>	<u>204,691</u>	<u>(18,235)</u>
Excess (deficiency) of revenues over (under) expenditures	41,452	18,033	23,897	5,864
Fund balances - beginning of year			<u>222,633</u>	
Fund balances - end of year			<u><u>\$ 246,530</u></u>	

The notes to the financial statements are an integral part of this statement.

BLISSFIELD TOWNSHIP
SPECIAL FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2017

	Special Fire Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES:				
Property taxes	\$ 61,000	\$ 58,428	\$ 59,461	\$ 1,033
Interest	90	90	388	298
Total revenues	<u>61,090</u>	<u>58,518</u>	<u>59,849</u>	<u>1,331</u>
EXPENDITURES:				
Public safety	<u>0</u>	<u>0</u>	<u>512</u>	<u>(512)</u>
Total expenditures	<u>0</u>	<u>0</u>	<u>512</u>	<u>(512)</u>
Excess (deficiency) of revenues over (under) expenditures	61,090	58,518	59,337	819
Fund balances - beginning of year			<u>282,556</u>	
Fund balances - end of year			<u><u>\$ 341,893</u></u>	

The notes to the financial statements are an integral part of this statement.

BLISSFIELD TOWNSHIP
ROAD IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2017

	Road Improvement Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES:				
Property taxes	\$ 175,600	\$ 172,273	\$ 175,254	\$ 2,981
Refunds	0	0	0	0
Interest	450	450	1,015	565
Total revenues	<u>176,050</u>	<u>172,723</u>	<u>176,269</u>	<u>3,546</u>
EXPENDITURES:				
Highways and streets	<u>106,900</u>	<u>309,056</u>	<u>309,091</u>	<u>(35)</u>
Total expenditures	<u>106,900</u>	<u>309,056</u>	<u>309,091</u>	<u>(35)</u>
Excess (deficiency) of revenues over (under) expenditures	69,150	(136,333)	(132,822)	3,511
Fund balances - beginning of year			<u>521,188</u>	
Fund balances - end of year			<u><u>\$ 388,366</u></u>	

The notes to the financial statements are an integral part of this statement.

