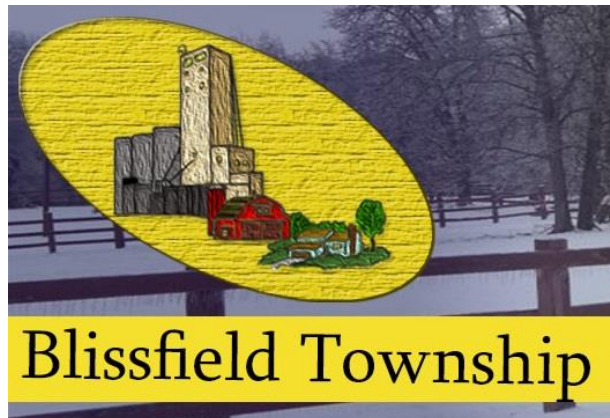


**Blissfield Township  
Lenawee County, Michigan  
Financial Statements  
Year Ended March 31, 2020  
With Independent Auditor's Report**



**Blissfield Township  
Lenawee County, Michigan**

**Independent Auditor's Report**

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517 945 3312  
204 E Church St Ste 201  
PO Box 384  
Adrian, MI 49221

## **Independent Auditor's 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, 2020, 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.

### **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, 2020, 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.

**Your partner in financial statement auditing and all things accounting.**

**Phone: 517.945.3312 - Meredith@MeredithFrancis.com**

To the Board of Trustees  
Blissfield Township  
Lenawee County, Michigan

## **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 3–8 and 24-26 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 me 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's basic financial statements. The schedule of changes in the tax collection fund, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of changes in assets and liabilities for the tax collection fund 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 schedule of changes in assets and liabilities for the tax collection fund, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Meredith Francis, CPA, P.C.*

Adrian, Michigan  
September 28, 2020

**Blissfield Township  
Lenawee County, Michigan**

**Management's Discussion and Analysis**

**For the year ended March 31, 2020**

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, 2020. 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 \$3,923,580 (*net position*). Of this amount, \$351,601 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased \$808,377.
- At the end of the current year, unassigned fund balance for the General Fund was \$351,601 or 140.22 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.

**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 position*. 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.

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, roads and bridges, and cemetery operations. The business-type activity of Blissfield Township, Lenawee County, Michigan includes the sewer system.

The government-wide financial statements can be found on pages 9 – 10 of this report.

**Blissfield Township  
Lenawee County, Michigan**

**Management's Discussion and Analysis**

**For the year ended March 31, 2020**

**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 funds, proprietary funds, 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 balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Blissfield Township, Lenawee County, Michigan maintains three individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Fire Fund and Road Fund which are considered to be a major funds.

Blissfield Township, Lenawee County, Michigan adopts an annual appropriated budget for the General Fund, Fire Fund and Road Fund. A budgetary comparison statement has been provided for the General Fund, Fire Fund and Road Fund to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 11 – 12 of this report.

**Fiduciary Fund.** The Fiduciary Fund is used to account for resources held under tax collection activity. The Fiduciary fund is *not* reflected in the government-wide financial statement.

The basic fiduciary fund financial statement can be found on page 13 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 14 – 22 of this report.

**Blissfield Township  
Lenawee County, Michigan**

**Management's Discussion and Analysis**

**For the year ended March 31, 2020**

**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 \$3,923,580 at the close of the most recent fiscal year.

The largest portion of Blissfield Township, Lenawee County, Michigan's net position (45.4 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. 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><b>Governmental Activities</b></u>
<b>Assets:</b>	
Current assets	\$ 2,151,385
Capital assets	<u>780,274</u>
Total assets	<u>2,931,659</u>
<b>Liabilities:</b>	
Total liabilities	<u>9,113</u>
<b>Net position:</b>	
Invested in capital assets, net of related debt	1,781,308
Restricted for:	
Perpetual care	3,739
Fire operations	817,414
Fire equipment	311,173
Road improvements	658,345
Unrestricted	<u>351,601</u>
Total net position	<u><u>\$ 3,923,580</u></u>

The *unrestricted net position* (\$351,601) may be used to meet the government's ongoing obligations to citizens and creditors.

**Blissfield Township  
Lenawee County, Michigan**

**Management's Discussion and Analysis**

**For the year ended March 31, 2020**

**Blissfield Township, Lenawee County, Michigan's Change in Net Position**

	<b>Governmental Activities</b>
Program revenues:	
Charges for services	\$ 158,563
Total program revenues	158,563
General revenues:	
Property taxes	579,221
Intergovernmental - State	130,981
Unrestricted investment earnings	18,099
Other	12,884
Total general revenues	741,185
Total revenues	899,748
Expenses:	
General government	188,289
Public safety	442,214
Public works	226,204
Community and economic development	763
Total expenses	857,470
Extraordinary item-insurance proceeds	766,099
Change in net position	808,377
Adjustment (Note 10)	(114,703)
Beginning net position	3,229,906
Ending net position	\$ 3,923,580

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.



**Blissfield Township  
Lenawee County, Michigan**

**Management's Discussion and Analysis**

**For the year ended March 31, 2020**

**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 balance of \$2,138,866, an increase of \$147,636 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 \$351,601.

The fund balance of Blissfield Township, Lenawee County, Michigan's General Fund decreased by \$610,597 during the current fiscal year. A key factor in this increase was transferring amounts improperly allocated to other funds.

**Budgetary Highlights**

The general fund actual cemetery expenditures were higher than expected due to trees and the assessor expenditures were higher due to updating tax records, resulting in amendments to the budget.

Fire Fund expenditures were higher than expected compared to the budget. The township received insurance proceeds due to a fire in the previous year that were spent on capital outlay items.

The actual expenditures for the Road Improvement Fund were higher than the budgeted amount due to more than anticipated projects during the fiscal year.

**Blissfield Township  
Lenawee County, Michigan**

**Management's Discussion and Analysis**

**For the year ended March 31, 2020**

**Capital Asset and Debt Administration**

**Capital assets.** Blissfield Township, Lenawee County, Michigan's investment in capital assets for its governmental activities as of March 31, 2020, amounts to \$1,763,246 (net of accumulated depreciation). This investment in capital assets includes land, buildings, fire equipment and fire vehicles.

**Blissfield Township, Lenawee County, Michigan's Capital Assets**

	<b>Governmental Activities</b>
Land	\$ 73,942
Construction in progress	984,184
Land improvements	46,730
Buildings and improvements	97,136
Machinery and equipment	16,850
Fire equipment	15,484
Fire vehicles	1,345,987
Less: accumulated depreciation	<u>(799,005)</u>
Total	<u><u>\$ 1,781,308</u></u>

Additional information on Blissfield Township's capital assets can be found in Note 5 on page 20.

**Economic Factors and Next Year's Budgets**

The Township expects to purchase a brush truck and ambulance for the fire fund in next year's budgets. The Township also received grants related to COVID-19 in the 2020-21 fiscal 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, 120 S. Lane Street, P.O. Box 58, Blissfield, MI 49228.

**Blissfield Township  
Lenawee County, Michigan**

**Statement of Net Position**

**March 31, 2020**

	<b>Governmental Activities</b>
<b><u>Assets:</u></b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 2,107,806
Taxes receivable	3,659
Due from other governmental units	39,920
Total current assets	2,151,385
<b>Noncurrent assets:</b>	
<b>Capital assets:</b>	
Land	73,942
Construction in progress	984,184
Land improvements	46,730
Buildings	97,136
Machinery and equipment	16,850
Fire equipment	15,484
Fire vehicles	1,345,987
Less: accumulated depreciation	(799,005)
Total capital assets	1,781,308
Total noncurrent assets	1,781,308
Total assets	3,932,693
<b><u>Liabilities:</u></b>	
<b>Current liabilities:</b>	
Accounts payable	9,113
Due to agency funds	-
Total liabilities	9,113
<b><u>Net position:</u></b>	
Invested in capital assets, net of related debt	1,781,308
Restricted for:	
Perpetual care	3,739
Fire operations	817,414
Fire equipment	311,173
Road improvements	658,345
Unrestricted	351,601
Total net position	\$ 3,923,580

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

**Blissfield Township  
Lenawee County, Michigan**

**Statement of Activities**

**For the Year Ended March 31, 2020**

<u>Functions/Programs</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Primary government:</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>
<b>Governmental activities:</b>			
General government	\$ 188,289	\$ 43,728	\$ (144,561)
Public safety	442,214	114,835	(327,379)
Public works	226,204	-	(226,204)
Community and economic development	763	-	(763)
Total governmental activities	857,470	158,563	(698,907)
<b>General Revenues:</b>			
			579,221
			130,981
			18,099
			12,884
		Total general revenues	741,185
		Extraordinary item-insurance proceeds	766,099
		Change in net position	808,377
		Adjustment (Note 10)	(114,703)
		Net position - beginning of year	3,229,906
		Net position - end of year	\$ 3,923,580

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

**Blissfield Township  
Lenawee County, Michigan**

**Balance Sheet**

**Governmental Funds**

**March 31, 2020**

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Road Fund</b>	<b>Total Governmental Funds</b>
<b><u>Assets:</u></b>				
Cash and cash equivalents	\$ 338,249	\$ 1,123,099	\$ 646,458	\$ 2,107,806
Taxes receivable	1,351	1,164	1,144	3,659
Due from other governmental units	18,243	10,934	10,743	39,920
Total assets	357,843	1,135,197	658,345	2,151,385
<b><u>Liabilities:</u></b>				
<b><u>Current liabilities:</u></b>				
Accounts payable	2,503	6,610	-	9,113
Total liabilities	2,503	6,610	-	9,113
<b><u>Fund Balances:</u></b>				
Restricted for:				
Perpetual care	3,739	-	-	3,739
Fire operations	-	817,414	-	817,414
Fire equipment	-	311,173	-	311,173
Road improvements	-	-	658,345	658,345
Unassigned	351,601	-	-	351,601
Total fund balances	355,340	1,128,587	658,345	2,142,272
Total liabilities and fund balances	\$ 357,843	\$ 1,135,197	\$ 658,345	\$ 2,151,385

**Reconciliation of the Fund Balances of Governmental Funds to the Net Position of Governmental Activities**

Total governmental fund balances	\$ 2,142,272
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	
The cost of the capital assets is:	2,580,313
The accumulated depreciation is:	(799,005)
Net differences	1,781,308
Net position of governmental activities	\$ 3,923,580

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

**Blissfield Township  
Lenawee County, Michigan**

**Statement of Revenues, Expenditures And Changes In Fund Balances –**

**Governmental Funds**

**For the Year Ended March 31, 2020**

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Road Fund</b>	<b>Total Governmental Funds</b>
<b><u>Revenues:</u></b>				
Property taxes	\$ 180,659	\$ 201,041	\$ 197,521	\$ 579,221
Charges for services	43,728	114,835	-	158,563
State grants	72,955	33,495	24,531	130,981
Investment income and rentals	14,650	1,496	1,953	18,099
Other revenues	12,884	-	-	12,884
	Total revenues	324,876	350,867	224,005
				899,748
<b><u>Expenditures:</u></b>				
<b>Current:</b>				
General government	183,738	-	-	183,738
Public safety	2,644	371,965	-	374,609
Public works	58,310	-	160,511	218,821
Community and economic development	763	-	-	763
Other	-	-	5,164	5,164
Capital outlay	5,295	726,415	-	731,710
	Total expenditures	250,750	1,098,380	165,675
				1,514,805
<b>Other financing sources (uses):</b>				
Insurance proceeds	-	766,099	-	766,099
Transfers in	-	616,001	65,316	681,317
Transfers out	(681,317)	-	-	(681,317)
	Total financing sources (uses)	(681,317)	1,382,100	65,316
				766,099
Change in fund balances	(607,191)	634,587	123,646	151,042
Fund balances - beginning of year	962,531	494,000	534,699	1,991,230
Fund balances - end of year	\$ 355,340	\$ 1,128,587	\$ 658,345	\$ 2,142,272
Change in fund balances of total governmental funds				\$ 151,042
Amounts reported for governmental activities in the statement of activities are different because:				
Governmental funds report capital outlays as expenditures.				
In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.				
Depreciation expense				(74,375)
Capital outlay				731,710
Change in net position of governmental activities				\$ 808,377

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

**Blissfield Township  
Lenawee County, Michigan**

**Statement of Fiduciary Net Position**

**Fiduciary Fund**

**March 31, 2020**

	<u>Agency Fund</u>
<b><u>Assets:</u></b>	
Due from other funds	\$ -
	<hr/>
Total assets	-
	<hr/> <hr/>
<b><u>Liabilities:</u></b>	
Due to other funds	-
	<hr/>
Total liabilities	\$ -
	<hr/> <hr/>

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

**Blissfield Township  
Lenawee County, Michigan**

**Notes to Financial Statements**

**March 31, 2020**

**Note 1. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

Blissfield Township is a non-charter 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 activities) report information on all of the non-fiduciary activities of the Township. The government-wide financial statements categorize primary activities as either governmental or business-type.

*Governmental activities*, which 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 funds and a fiduciary fund, even though the latter are excluded from the government-wide financial statements. The major individual governmental fund (General Fund) and the major individual enterprise fund (Sewer Fund) are reported as a separate column 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 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, 2020**

**Note 1. Summary of Significant Accounting Policies (Concluded)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (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.

Property taxes, sales taxes, franchise taxes, 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. 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 fund:**

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 Fund* accounts for the financial resources of the Township's fire department operations and special fire equipment.

The *Road Fund* accounts for the maintenance of the roads within the limits of the Township.

**Additionally, the government reports the following fiduciary fund types:**

The *Tax Collection Fund* is used to account for assets held by the Township as an agent for other governments, and/or other funds. The Agency Fund 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. An exception to this general rule is payment of utility charges between the Township's sewer function and the general fund. Elimination of these charges would distort the direct costs and program revenues reported for the two functions concerned.

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.

**Blissfield Township  
Lenawee County, Michigan**

**Notes to Financial Statements**

**March 31, 2020**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**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 position or fund balance**

**1. Cash and investments**

Cash includes amounts in bank accounts, cash on hand and demand deposits.

The Township invests any surplus of funds in certificates of deposit. The Township's investment policy, in regards to authorized investments, is in accordance with Michigan Compiled Laws Section 129.91.

**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."

Property taxes and accounts receivable are shown net of an allowance for uncollectibles.

The Township property tax is levied on each December 1 on the taxable value of property located in the Township as of the preceding December 31.

The Township's 2019 ad valorem tax was levied and collectible on December 1, 2019. It is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are made available for the financing of Township operations. Payment from the County Delinquent Tax Fund, which purchases the 2019 delinquent real property taxes, is recorded as a receivable and recognized as revenue in the current fiscal year.

The 2019 taxable value of Blissfield Township totaled \$133,314,522. The Township levied 1.0 mill (Tax, \$133,314) for general operations; 1.0 mill (tax, \$133,314) for fire operations; .5 mills (tax, \$67,011) for fire equipment; and 1.4737 mills (tax, \$196,466) for road improvements.

**Blissfield Township  
Lenawee County, Michigan**

**Notes to Financial Statements**

**March 31, 2020**

**Note 1. Summary of Significant Accounting Policies (Concluded)**

**E. Assets, liabilities, and net position or fund balance**

**3. Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), 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 one year. 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.

Property, plant, and equipment 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	50
Machinery and equipment	10
Furniture	20
Fire vehicles	20
Water system	100
Water equipment	30
Sewer system	100
Sewer equipment	40

**4. Fund balances**

Fund balances on the Governmental fund balance sheet are classified as either restricted, assigned or unassigned. The term restricted indicates that a portion of the fund balance is not appropriate for expenditure or is legally segregated for a specific future use.

The unassigned fund balance is available for use as the governing body determines.

**Blissfield Township  
Lenawee County, Michigan**

**Notes to Financial Statements**

**March 31, 2020**

**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 body of the financial statements, 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, 2020, the Township incurred expenditures that were in excess of the amounts appropriated as follows:

<u>Expenditure</u>	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
<b>General Fund:</b>			
Treasurer	29,500	30,290	(790)
Attorney	2,500	3,425	(925)
Township hall	3,200	3,951	(751)
Drain at large	4,000	5,274	(1,274)
<b>Fire Fund:</b>			
Public Safety	295,108	380,069	(84,961)
Capital outlay	-	718,311	(718,311)
<b>Road Fund:</b>			
Highways, streets and bridges	125,000	160,511	(35,511)

**Blissfield Township  
Lenawee County, Michigan**

**Notes to Financial Statements**

**March 31, 2020**

**Note 3. Deposits and Investments**

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of March 31, 2020, \$2,345,105 of the Township's bank balance of \$3,231,387 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>2,345,105</u>
--------------------------------	---------------------

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

The above amount is the balance in financial institution accounts. A reconciliation to the total cash presented within the financial statements is as follows:

Bank balances at March 31, 2020	\$ 3,231,387
Add: net effect of outstanding items	(1,126,987)
Less: fiduciary fund bank balance	<u>3,406</u>
Combined cash & investment balances at March 31, 2020	<u>\$ 2,107,806</u>

**Note 4. 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:

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Road Fund</b>	<b>Total</b>
Receivables:				
Due from governments	\$ 18,243	\$ 10,934	\$ 10,743	\$ 39,920
Taxes receivable	<u>1,351</u>	<u>1,164</u>	<u>1,144</u>	<u>3,659</u>
Special assessments				-
Gross receivables	19,594	12,098	11,887	43,579
Less: allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 19,594</u>	<u>\$ 12,098</u>	<u>\$ 11,887</u>	<u>\$ 43,579</u>

**Blissfield Township  
Lenawee County, Michigan**

**Notes to Financial Statements**

**March 31, 2020**

**Note 5. Capital Assets**

Capital asset activity for the year ended March 31, 2020 was as follows:

	<b>Beginning Balance</b>	<b>Acquisitions</b>	<b>Dispositions</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Land	\$ 73,942	\$ -	\$ -	\$ 73,942
Construction in progress	265,873	718,311		984,184
Total assets not being depreciated-land	339,815	718,311	-	1,058,126
Land improvements	46,730	-	-	46,730
Buildings and improvements	97,136	-	-	97,136
Machinery and equipment	11,555	5,295	-	16,850
Fire equipment	7,380	8,104	-	15,484
Fire vehicles	1,345,987	-	-	1,345,987
Depreciable capital assets	1,508,788	13,399	-	1,522,187
<b>Less accumulated depreciation for:</b>				
Land improvements	24,988	1,558	-	26,546
Buildings and improvements	53,576	2,239	-	55,815
Machinery and equipment	3,852	2,972	-	6,824
Fire equipment	5,535	806	-	6,341
Fire vehicles	636,679	66,800	-	703,479
Total accumulated depreciation	724,630	74,375	-	799,005
Net depreciable capital assets	784,158	(60,976)	-	723,182
Governmental activities net capital assets	<u>\$ 1,123,973</u>	<u>\$ 657,335</u>	<u>\$ -</u>	<u>\$ 1,781,308</u>

Depreciation expense charged to functions is as follows:

<b>Governmental activities:</b>	
General government	\$ 4,551
Public safety	67,605
Public works	2,219
Total depreciation expense-governmental activities	<u>\$ 74,375</u>

**Blissfield Township  
Lenawee County, Michigan**

**Notes to Financial Statements**

**March 31, 2020**

**Note 6. Interfund Transfers**

Interfund transfers at March 31, 2020 were as follows:

<b>Fund</b>	<b>Transfers In</b>	<b>Fund</b>	<b>Transfers Out</b>
Fire	616,001	General	\$ 681,317
Road	65,316		-
	\$ 681,317		\$ 681,317

Interfund transfers are used to move the improper allocation of expenditures from fire and road funds back to the general fund, to allocate the local community stabilization share from general fund to fire and road funds and to transfer the balance of insurance proceeds unspent at the beginning of the year from general fund to fire fund.

**Note 7. 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 obtains coverage from insurance companies to establish and administer a risk management program; to prevent or lessen the incidence and severity of casualty losses and to defend and protect against liability or loss. The Plan provides protection to the Township based on its selected risks, limits and deductibles. Any settled claims have not exceeded the limits of coverage in any of the past three years.

**Note 8. Retirement Plan**

The Township provides pension benefits for elected officials through a defined contribution plan as authorized by IRS code section 401(b). The plan is through John Hancock, an insurance company, in connection with the Michigan Township Association. The contributions to the pension plan are invested in life insurance annuities. Officials are eligible to participate the first policy anniversary date after becoming employed are at least twenty-one (21) years old. Contributions to the plan are based on past service and level of income. Employees must contribute 10% of premium costs and the Township contributes the remaining 90%. The Township's pension expense for the year ended March 31, 2020 was \$9,701 and participants contributed \$1,800.

**Blissfield Township  
Lenawee County, Michigan**

**Notes to Financial Statements**

**March 31, 2020**

**Note 9. Tax Abatements**

The Township entered into property tax abatement agreements with local businesses under the Plan Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption for ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. The IFT of a new plant and non--industrial property, such as some high-tech personal property, is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

For the year ended March 31, 2020, the Township abated property tax revenues totaling \$12,301 under this program.

**Note 10. Prior Period Adjustment**

The Township's government wide net position was adjusted due to capital assets and related depreciation in prior periods. The net effect is a reduction to net position of \$114,703.

**Note 11. Upcoming Accounting Pronouncements**

GASB Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and was postponed by GASB Statement No. 95, to be effective for the Township's 2020-2021 year-end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities and 1) whether a government is controlling the assets and 2) the beneficiaries with whom a fiduciary relationship exists.

GASB Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for the Township's 2021-2022 year-end. The objective of the Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases.

**Note 12. Extraordinary Item**

The Township is still renovating and rebuilding its property that was destroyed in a fire at the Township's fire hall. The Township received insurance proceeds of \$766,099 to cover the damage and is presented in the financial statements. The fire hall re-opened in the summer of 2020.

**Note 13. Subsequent Events**

The Township has reviewed subsequent events up to September 28, 2020, the date of this report. The financial statements were available to be issued on the same date.



**Required Supplementary Information**

**Blissfield Township  
Lenawee County, Michigan**

**Budgetary Comparison Schedule**

**General Fund**

**For the Year Ended March 31, 2020**

<u>Revenues:</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Property taxes	\$ 153,000	\$ 153,000	\$ 180,659	\$ 27,659
Charges for services	19,600	19,600	43,728	24,128
State grants	65,000	65,000	72,955	7,955
Investment income and rentals	6,950	6,950	14,650	7,700
Other revenue	26,000	26,000	12,884	(13,116)
Total revenues	<u>270,550</u>	<u>270,550</u>	<u>324,876</u>	<u>54,326</u>
<b><u>Expenditures:</u></b>				
<b>General Government</b>				
Legislative	43,500	54,125	50,151	3,974
Chief executive	11,000	11,000	11,000	-
Clerk	25,500	25,500	22,559	2,941
Treasurer	29,000	29,500	30,290	(790)
Board of review	1,500	1,500	1,435	65
Assessor	39,643	50,500	44,467	6,033
Election	15,000	9,000	8,669	331
Attorney	2,500	2,500	3,425	(925)
Administration	9,404	9,404	7,791	1,613
Township hall	2,500	3,200	3,951	(751)
<b>Public Health and Safety:</b>				
Building inspection	1,500	3,000	2,644	356
<b>Public Works</b>				
Cemetery	33,505	63,000	53,036	9,964
Drain at large	4,000	4,000	5,274	(1,274)
<b>Community and Economic Development</b>				
Zoning	-	150	75	75
Planning	-	750	688	62
Capital outlay	-	6,000	5,295	705
Total expenditures	<u>218,552</u>	<u>273,129</u>	<u>250,750</u>	<u>22,379</u>
<b>Other financing sources (uses):</b>				
Transfers out	-	-	(681,317)	681,317
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>(681,317)</u>	<u>681,317</u>
Change in fund balance	51,998	(2,579)	(607,191)	76,705
Fund balance - beginning of year			<u>962,531</u>	
Fund balance - end of year			<u><u>\$ 355,340</u></u>	

**Blissfield Township  
Lenawee County, Michigan**

**Budgetary Comparison Schedule**

**Fire Fund**

**For the Year Ended March 31, 2020**

<u>Revenues:</u>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
Property taxes	\$ 171,000	\$ 171,000	\$ 201,041	\$ 30,041
State grants	-	-	33,495	33,495
Charges for ambulance runs	94,000	94,000	114,835	20,835
Interest income	1,100	1,100	1,496	396
Total revenues	<u>266,100</u>	<u>266,100</u>	<u>350,867</u>	<u>84,767</u>
<b><u>Expenditures:</u></b>				
Public Safety	207,408	295,108	371,965	(76,857)
Capital outlay	-	-	726,415	(726,415)
Total expenditures	<u>207,408</u>	<u>295,108</u>	<u>1,098,380</u>	<u>(803,272)</u>
<b><u>Other financing sources (uses):</u></b>				
Insurance proceeds	-	-	766,099	(766,099)
Transfers in	-	-	616,001	(616,001)
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,382,100</u>	<u>(1,382,100)</u>
Change in fund balance	58,692	(29,008)	634,587	(494,061)
Fund balance - beginning of year			<u>494,000</u>	
Fund balance - end of year			<u><u>\$ 1,128,587</u></u>	

**Blissfield Township  
Lenawee County, Michigan**

**Budgetary Comparison Schedule**

**Road Improvement Fund**

**For the Year Ended March 31, 2020**

<u>Revenues:</u>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
Property taxes	\$ 165,000	\$ 165,000	\$ 197,521	\$ 32,521
State grants	-	-	24,531	24,531
Interest income	1,000	1,000	1,953	953
Total revenues	<u>166,000</u>	<u>166,000</u>	<u>224,005</u>	<u>58,005</u>
 <u>Expenditures:</u>				
<b>Public Works</b>				
Highways, streets and bridges	125,000	125,000	160,511	(35,511)
<b>Other</b>	4,504	9,204	5,164	4,040
Total expenditures	<u>129,504</u>	<u>134,204</u>	<u>165,675</u>	<u>(31,471)</u>
 <b>Other financing sources (uses):</b>				
Transfers in	-	-	65,316	(65,316)
Change in fund balance	36,496	31,796	123,646	24,160
Fund balance - beginning of year			<u>534,699</u>	
Fund balance - end of year			<u><u>\$ 658,345</u></u>	

## **Other Supplementary Information**

**Blissfield Township  
Lenawee County, Michigan**

**Schedule of Changes in Assets & Liabilities**

**Tax Collection Fund**

**March 31, 2020**

	<b>Balance April 1, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance March 31, 2020</b>
<b><u>Assets:</u></b>				
Cash	\$ 2,406	\$ 4,301,400	\$ 4,303,806	\$ -
Total assets	2,406	4,301,400	4,303,806	-
 <b><u>Liabilities:</u></b>				
Due to other funds	2,406	525,465	527,871	-
Due to other governmental units	-	3,775,935	3,775,935	-
Total liabilities	\$ 2,406	\$ 4,301,400	\$ 4,303,806	\$ -