

BLOOMFIELD TOWNSHIP
HURON COUNTY, MICHIGAN

FINANCIAL REPORT
YEAR ENDED MARCH 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Township Board
Bloomfield Township, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Bloomfield Township, Michigan as of and for the year ended March 31, 2013, 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 of 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 the 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 and each major fund of Bloomfield Township, Michigan, as of March 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information listed in the table of contents 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Certified Public Accountants

Hyger, Hill, Kusale & Co., P.C.

September 19, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Bloomfield Township, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2013. We encourage readers to consider the information presented here.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management Discussion and Analysis (MD&A) – for State and Local Governments issued in June of 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because the audit of the Township is only required every other year; certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, the Township has elected to exclude the comparative information. We expect this situation to continue due to the every other year audit requirement.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$54,398 (*net position*). Of this amount, \$47,563 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors
- The government's total net position increased by \$19,830.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$53,898.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$47,563 or sixty three percent of total general fund expenditures including transfers out.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction and overview to the Township's basic financial statements.

The Township's basic financial statements are made up of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the Township'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 the Township 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 special assessments).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The governmental activities of the Township include general government (including administration) and public works.

The government-wide financial statements can be found on pages 8 - 9 of this report.

Fund financial statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental 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 this information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains two 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 and Road Fund, each of which are considered to be major funds.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 10 - 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 - 19 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's budgetary information for the two major governmental funds. This required supplemental information can be found on pages 20 - 21 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 the Township, assets exceeded liabilities by \$54,398 at the close of the fiscal year.

A portion of the Township's net position (1% or \$500) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The *unrestricted net position* (88% or \$47,563) may be used to meet the government's ongoing obligations to citizens and creditors. The table below shows the Township's net position as of March 31, 2013.

Township's Net Position

	Governmental Activities
	2013
Current and other assets	\$ 53,898
Capital assets	500
Total assets	54,398
Long-term liabilities outstanding	-
Other liabilities	-
Total liabilities	-
Net position:	
Invested in capital assets, net of related debt	500
Restricted	6,335
Unrestricted	47,563
Total net position	\$ 54,398

The Township's net position increased by \$19,830 during the 2013 fiscal year. Key elements of this increase are shown in the following table.

Township's Change in Net Position

	Governmental Activities
	2013
Revenue:	
Program revenue:	
Charges for services	\$ 10,570
General revenue:	
Property taxes	189,165
State sources	36,536
Investment earnings	42
Miscellaneous	1,287
Total revenue	237,600
Expenses:	
General government	43,482
Health and welfare	1,365
Public Safety	14,066
Public works	158,857
Total expenses	217,770
Change in net position	19,830
Net position, beginning of year	34,568
Net position, end of year	\$ 54,398

Financial Analysis of the Government's Funds

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

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

For the year ended March 31, 2013, the Township's governmental funds reported a combined fund balance of \$54,398 which represents an increase of \$19,830 over 2012 levels.

At March 31, 2013, the General Fund fund balance was \$47,563 which was \$17,371 higher than the 2012 balance.

The Township's other governmental fund, the Road Fund, reported a fund balance of \$6,335, which represents an increase of \$2,459 over 2012 levels.

General Fund Budgetary Highlights

The Township amended the budget to account for higher than anticipated costs for supplies, elections and salaries. The actual reduction in revenue compared to the amendments resulted in a variance of less than 1%.

Actual general fund expenditures were lower than final budgeted amounts by \$17,333 due, primarily, to the following:

- Salaries and payroll taxes were \$2,933 under budget
- Fire protections cost were \$1,934 under budget
- Road maintenance was \$3,600 lower than budget
- Ambulance charges were \$1,635 under budget
- Drain at large cost were \$3,148 under budget

Capital Asset and Debt Administration

Capital assets. The Township’s investment in capital assets for its governmental activities as of March 31, 2013, amounted to \$500. This investment in capital assets includes land.

The table below shows the Township’s Capital Assets as of March 31, 2013.

Township’s Capital Assets
(Net of Depreciation)

	Governmental Activities
	2013
Land	\$ 500
Total net assets	\$ 500

Additional information on the Township’s capital assets can be found in Note 4 on page 18 of this report.

Long-term debt. At the end of the current fiscal year, the Township had no debt outstanding.

Economic Factors and Next Year’s Budgets and Rates

- Governmental fund budgets for the fiscal year ending March 31, 2014 anticipate spending in excess of revenues of \$42,822. The revenue shortfall will be financed with existing fund balances.

Requests for Information

This financial report is designed to provide a general overview of the Township’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 Delphine Pawlowski, Township Clerk, 3228 McDonald Rd, Port Hope, MI 48468.

BASIC FINANCIAL STATEMENTS

	Governmental Activities
Assets	
Cash and cash equivalents, unrestricted	\$ 43,205
Due from other governments	10,693
Capital assets, net	500
Total assets	54,398
Liabilities	
Accounts payable	-
Total liabilities	-
Net Position	
Investment in capital assets	500
Restricted	6,335
Unrestricted	47,563
Total net position	\$ 54,398

Bloomfield Township, Michigan

**Statement of Activities
For the Year Ended March 31, 2013**

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Change in Fund Balance
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government				
Governmental activities:				
General government	\$ 43,482	10,570	\$ -	\$ (32,912)
Health and welfare	1,365	-	-	(1,365)
Public safety	14,066	-	-	(14,066)
Public works	158,857	-	-	(158,857)
	217,770	10,570	-	(207,200)
Total governmental activities	217,770	10,570	-	(207,200)
Total government	\$ 217,770	\$ 10,570	\$ -	(207,200)
General revenue:				
Property taxes				189,165
State sources				36,536
Unrestricted investment income				42
Miscellaneous				1,287
				227,030
Total general revenue				227,030
Change in net position				19,830
Net position, beginning of year				34,568
Net position, end of year				\$ 54,398

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

	Major Funds		
	General	Road Fund	Total Governmental Funds
Assets			
Assets			
Cash and cash equivalents	\$ 43,205	\$ -	\$ 43,205
Receivables:			
Due from other governments	10,693	-	10,693
Due from other funds	-	6,335	6,335
	<u>\$ 53,898</u>	<u>\$ 6,335</u>	<u>\$ 60,233</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	6,335	-	6,335
Total liabilities	6,335	-	6,335
Fund Balances			
Restricted	-	6,335	6,335
Unassigned	47,563	-	47,563
Total fund balance	<u>47,563</u>	<u>6,335</u>	<u>53,898</u>
Total liabilities and fund balances	<u>\$ 53,898</u>	<u>\$ 6,335</u>	<u>\$ 60,233</u>

Bloomfield Township, Michigan

**Reconciliation of Fund Balance on the Balance Sheet for
Governmental Funds to Net Position of Governmental Activities
on the Statement of Net Position
March 31, 2013**

Total fund balances, governmental funds		\$ 53,898
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 therefore are not reported in the funds.		
Capital assets	5,452	
Accumulated depreciation	<u>(4,952)</u>	<u>500</u>
Net position, governmental activities		<u>\$ 54,398</u>

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

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended March 31, 2013

	Major Funds		
	General	Road Fund	Total Governmental Funds
Revenues			
Property taxes	\$ 44,403	\$ 144,762	\$ 189,165
State sources	36,536	-	36,536
Charges for services	10,570	-	10,570
Interest income	42	-	42
Miscellaneous	1,287	-	1,287
Total revenues	92,838	144,762	237,600
Expenditures			
General government	43,482	-	43,482
Health and welfare	1,365	-	1,365
Public safety	14,066	-	14,066
Public works	16,554	142,303	158,857
Total expenditures	75,467	142,303	217,770
Net change in fund balances	17,371	2,459	19,830
Fund balances, beginning of year	30,192	3,876	34,068
Fund balances, end of year	\$ 47,563	\$ 6,335	\$ 53,898

Bloomfield Township, Michigan

**Reconciliation of the Statement of Revenue,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended March 31, 2013**

Net change in fund balances, governmental funds	\$	19,830
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	-	-
Depreciation expense	-	-
	<u> </u>	<u> </u>
Change in net position, governmental activities	\$	<u><u>19,830</u></u>

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bloomfield Township, Michigan conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township. In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Township may be financially accountable and, as such, should be included within the Township's financial statements. The Township (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Township. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Township has no component units.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and 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.

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the primary government.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net position are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net position, and (3) unrestricted net position. The Township first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function) are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.). The Township does not allocate indirect costs. In creating the government-wide financial statements the Township has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Township as an entity and the change in the Township's net position resulting from current year activities.

Fund Financial Statements

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Township reports the following major governmental funds:

The *General fund* is the primary operating fund of the Township. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The *Road fund* is used to account for improvements to roads in the Township.

Assets, Liabilities and Equity***Deposits and Investments***

Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Interfund Receivables and Payables

Generally, outstanding amounts owed between funds are classified as "due from/to other funds". These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Township defines capital assets as assets with an initial individual cost in excess of \$500. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after April 1, 2004. The Township has no depreciable capital assets.

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Township Board (the government's highest level of decision-making authority). A formal resolution of the Council is required to establish, modify, or rescind a fund balance commitment. The Township reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the General Fund.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Use of 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 certain reported amounts of assets and liabilities, the 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.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Property Taxes

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district, state education fund and school districts. All collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year, which includes the December 1st levy date. A levy of 1.227 mills for operations and 4.000 mills for roads was applied to \$35,765,566 taxable value for the 2012 tax year. The delinquent real property taxes of the Township are purchased by Huron County. The Township receives a payment for the taxes shortly after year end.

Subsequent events

The Township has evaluated subsequent events through September 19, 2013, the date the financial statements were available to be issued.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

1. The Township Clerk submits to the Township a proposed operating budget by fund for each year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted by adoption of the Township.
4. Any revision that alters the total expenditures of any fund must be approved by the Township.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General fund and major Special Revenue funds budgets as originally adopted and amended by the Township is included in the required supplementary information.
7. All annual appropriations lapse at fiscal year end.

The Township did not overspend in any area of its budget.

3. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligations repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township has designated one bank for the deposit of Township funds. The investment policy adopted by the Council in accordance with Public Act 20 of 1943, as amended, has authorized investment in the instruments described in the preceding paragraph. The Township's deposits and investment policy are in accordance with statutory authority.

The Township's deposits and investments at March 31, 2013 are included in the statement of net position as follows:

	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 43,205
Cash not qualifying as cash equivalents	<u>-</u>
	<u>\$ 43,205</u>

Deposits and Investments

The Township maintains savings accounts and certificates of deposits. At March 31, 2013, the Township's deposits and investment balances were as follows:

	<u>Primary Government</u>
Deposits	\$ 43,205
Investments	<u>-</u>
	<u>\$ 43,205</u>

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year end, the Township had no bank deposits that were uninsured and uncollateralized.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the Township had no investments.

4. CAPITAL ASSETS

Capital assets activity for the year ended March 31, 2013 was as follows:

	<u>Balance April 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance March 31, 2013</u>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 500	\$ -	\$ -	\$ 500
Capital assets, net	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>

5. RECEIVABLE AND PAYABLE BALANCES

Receivables and payables as of March 31, 2013 for the Township's governmental activities in the aggregate are as follows:

	<u>Governmental Activities</u>
Receivables	
Intergovernmental	<u>\$ 10,693</u>
Total receivables	<u>\$ 10,693</u>

6. INTERFUND TRANSACTIONS

The composition of interfund receivable and payable balances at March 31, 2013 is as follows:

Receivable fund	Payable fund	Amount
Road Fund	General Fund	\$ 6,335

These balances resulted from a time lag between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

7. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township purchases insurance from commercial carriers.

Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded the amount of insurance coverage in the past three fiscal years.

8. GASB UPCOMING ACCOUNTING PRONOUNCEMENTS DISCLOSURE

In June 2011, the GASB issued Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement will be effective for the Township's 2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level. Although this statement is effective for the Township's 2013 fiscal year, the Township has no deferred items to report until GASB Statement No. 65 is implemented in 2014.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the Township as of the year ending March 31, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

Bloomfield Township, Michigan

**General Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2013**

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 43,645	\$ 43,645	\$ 44,403	\$ 758
Delinquent tax	5,312	5,312	-	(5,312)
State sources	35,000	35,000	36,536	1,536
Charges for services	8,500	8,500	10,570	2,070
Interest income	100	100	42	(58)
Fire Fees	700	700	-	(700)
Miscellaneous	-	-	1,287	1,287
Total revenues	93,257	93,257	92,838	(419)
Expenditures				
General government:				
Trustee	750	750	550	200
Supervisor	5,900	5,900	5,590	310
Clerk	6,250	6,250	5,522	728
Board of review	750	850	842	8
Treasurer	9,850	12,050	11,717	333
Assessor	6,200	6,200	5,024	1,176
Elections	2,850	5,550	5,287	263
Payroll taxes	3,000	3,000	2,150	850
Other general government	9,350	9,850	6,800	3,050
Total general government	44,900	50,400	43,482	6,918
Public safety	16,000	16,000	14,066	1,934
Public works	23,400	23,400	16,554	6,846
Health and welfare	3,000	3,000	1,365	1,635
Total expenditures	87,300	92,800	75,467	17,333
Net change in fund balance	5,957	457	17,371	16,914
Fund balance, beginning of year	30,192	30,192	30,192	-
Fund balance, end of year	<u>\$ 36,149</u>	<u>\$ 30,649</u>	<u>\$ 47,563</u>	<u>\$ 16,914</u>

Bloomfield Township, Michigan

**Special Revenue Fund
Road Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Property taxes	\$ 143,097	\$ 143,097	\$ 144,762	\$ 1,665
Expenditures				
Public works:				
Road Improvements	<u>172,195</u>	<u>166,695</u>	<u>142,303</u>	<u>24,392</u>
Net change in fund balance	(29,098)	(23,598)	2,459	26,057
Fund balance, beginning of year	<u>3,876</u>	<u>3,876</u>	<u>3,876</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (25,222)</u></u>	<u><u>\$ (19,722)</u></u>	<u><u>\$ 6,335</u></u>	<u><u>\$ 26,057</u></u>

HYZER, HILL, KUZAK & CO., P.C.

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September 19, 2013

To the Township Board
Bloomfield Township

We have audited the financial statements of the governmental activities and each major fund, of Bloomfield Township for the year ended March 31, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 25, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Bloomfield Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 19, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Township Board and management of Bloomfield Township and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Hyzer, Hill, Kuzak & Co., P.C." The signature is written in a cursive, slightly slanted style.

Hyzer, Hill, Kuzak & Co., P.C.