

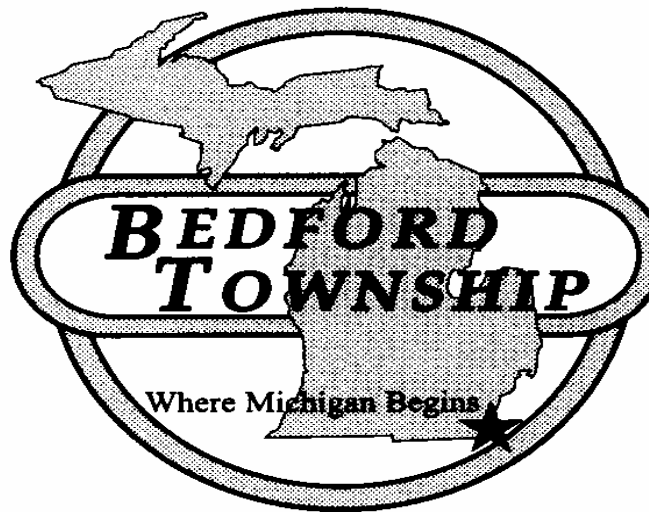
# **BEDFORD TOWNSHIP**

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*Monroe County, Michigan*

*FINANCIAL STATEMENTS*

*For The Year Ended June 30, 2013*



***BEDFORD TOWNSHIP***

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***Monroe County, Michigan***

***FINANCIAL STATEMENTS***  
***FOR THE YEAR ENDED JUNE 30, 2013***

**Bedford Township**  
**Annual Financial Report**  
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**BEDFORD TOWNSHIP**

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**ELECTED OFFICIALS**

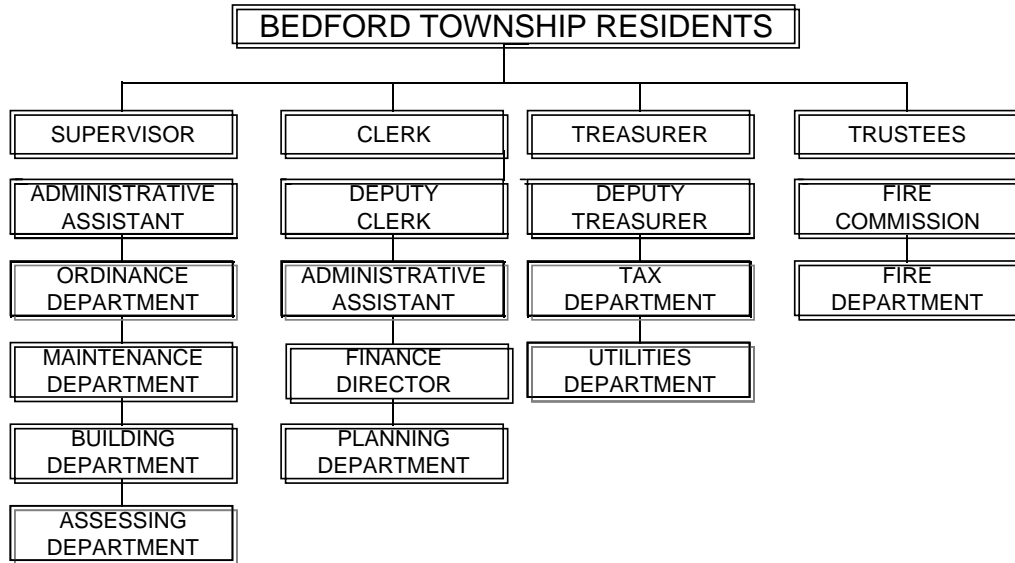
Greg Stewart  
Trudy Hershberger  
Paul R. Francis

Supervisor  
Clerk  
Treasurer

Paul Pirrone  
Lawrence R. O'Dell  
Rick Steiner  
Nancy Tienvieri

Trustee  
Trustee  
Trustee  
Trustee

**BEDFORD TOWNSHIP**  
**ORGANIZATION CHART**





INDEPENDENT AUDITORS' REPORT

Township Board  
Bedford Township  
Temperance, MI 48182

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented, component units, each major fund, and the aggregate remaining fund information of Bedford Township, Monroe County, Michigan, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively compromise 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 depends 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 Township'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 Township'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 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, the aggregate discretely presented, component units, each major fund, and the aggregate remaining fund information of the Bedford Township, Monroe County, Michigan, as June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**


**Required Supplementary Information**

Accounting principles generally accepted in the United States of America requires that the management's discussion and analysis and the budgetary comparison information on pages 5 through 9 and 37 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Bedford's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relates 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 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 accompanying supplementary information, as listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole



McGuire & McDole  
Certified Public Accountants

December 4, 2013

As management of Bedford Township, we offer readers of Bedford Township's financial statements this narrative overview and analysis of the financial activities of Bedford Township for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here.

### **Financial Highlights**

The assets of Bedford Township exceeded its liabilities at the close of the most recent fiscal year by \$43,763,794 (*net assets*). Of this amount, \$3,741,897 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets decreased by \$355,068 for the year ended June 30, 2013.

As of the close of the current fiscal year, Bedford Township's governmental funds reported combined ending fund balances of \$8,209,562, a increase of \$501,517 in comparison with the prior year. Approximately 33 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. Approximately 65 percent is restricted within each particular fund, which is available for spending at the government's discretion in each fund. Approximately 1 percent is assigned for the Park Fund, which can also be spent at the Township's discretion within the fund.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,201,851, or 82 percent of total General Fund expenditures.

Bedford Township's total debt increased by \$791,200 (13.6 percent) during the current fiscal year. New debt issued by the Township for the year ended June 30, 2013, totaled \$1,175,000.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Bedford Township's basic financial statements. Bedford Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 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 Bedford Township's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the Bedford 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 Bedford Township include general government, public safety, highways and streets, economic development, and community enrichment and recreation. The business type activities of Bedford Township include sewer activities.

The government-wide financial statements include not only Bedford Township itself (known as the primary government), but also a legally separate Downtown Development Authority and an Economic Development Authority for which Bedford Township is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 10-11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Bedford 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 Bedford Township 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.

Bedford Township maintains sixteen 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, Fire, Water and Greenhills and Enchanted Forest Debt Funds, which are considered to be major funds. Data from the ten other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Bedford Township adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-13 of this report.

Proprietary funds. Bedford Township maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Bedford Township accounts for the Sewer Fund operations in an enterprise fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer operations, which is considered to be a major fund of Bedford Township.

The basic proprietary fund financial statements can be found on pages 14-16 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Bedford Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 17-18 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 21-36 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is found on pages 37-39 of this report.

The combining statements and schedules referred to earlier in connection with nonmajor governmental funds can be found on pages 40-48 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Bedford Township, assets exceeded liabilities by \$43,763,794 at the close of the most recent fiscal year.

By far the largest portion of Bedford Township's net assets (59 percent) reflects its investment in capital assets (e.g., land, building, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. Bedford Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Bedford 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.

**Management's Discussion and Analysis**  
 June 30, 2013

**Bedford Township's Net Position**

|  | <i>Governmental Activities</i> |                      | <i>Business-type Activities</i> |                      | <i>Total</i>         |                      |
|--|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
|  | <i>2013</i>                    | <i>2012</i>          | <i>2013</i>                     | <i>2012</i>          | <i>2013</i>          | <i>2012</i>          |
| Current and other assets                           | \$ 11,738,940                  | \$ 9,627,255         | \$ 10,485,496                   | \$ 10,964,958        | \$ 22,224,436        | \$ 20,592,213        |
| Capital assets                                     | 12,419,342                     | 13,127,430           | 20,858,231                      | 21,194,762           | 33,277,573           | 34,322,192           |
| Total assets                                       | <u>24,158,282</u>              | <u>22,754,685</u>    | <u>31,343,727</u>               | <u>32,159,720</u>    | <u>55,502,009</u>    | <u>54,914,405</u>    |
| Long-term liabilities                              |                                |                      |                                 |                      |                      |                      |
| outstanding  | 3,993,125                      | 3,570,236            | 5,635,000                       | 6,420,000            | 9,628,125            | 9,990,236            |
| Other liabilities                                  | 1,652,104                      | 603,606              | 457,986                         | 201,677              | 2,110,090            | 805,283              |
| Total liabilities                                  | <u>5,645,229</u>               | <u>4,173,842</u>     | <u>6,092,986</u>                | <u>6,621,677</u>     | <u>11,738,215</u>    | <u>10,795,519</u>    |
| Net assets:  |                                |                      |                                 |                      |                      |                      |
| Invested in capital assets,<br>net of related debt | 10,904,342                     | 11,532,430           | 14,903,231                      | 14,774,762           | 25,807,573           | 26,307,192           |
| Restricted   | 4,269,075                      | 4,861,796            | 9,945,249                       | 9,945,249            | 14,214,324           | 14,807,045           |
| Unrestricted                                       | 3,339,636                      | 2,186,617            | 402,261                         | 818,032              | 3,741,897            | 3,004,649            |
| Total net position                                 | <u>\$ 18,513,053</u>           | <u>\$ 18,580,843</u> | <u>\$ 25,250,741</u>            | <u>\$ 25,538,043</u> | <u>\$ 43,763,794</u> | <u>\$ 44,118,886</u> |

An additional portion of Bedford Township's net position (32 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$3,741,897) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Bedford Township 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. The same situation held true for the prior fiscal year.

There was neither an increase or decrease in restricted net position reported in connection with the Bedford Township's business-type activities.

The government's net position decreased by \$355,068 during the current fiscal year.

**Governmental activities.** Governmental activities decreased Bedford Township's net position by \$67,766. Key elements of this increase are as follows:

**Bedford Township's Changes in Net Position**

|                                    | <i>Governmental Activities</i> |                      | <i>Business-type Activities</i> |                      | <i>Total</i>         |                      |
|------------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
|                                    | <i>2013</i>                    | <i>2012</i>          | <i>2013</i>                     | <i>2012</i>          | <i>2013</i>          | <i>2012</i>          |
| Revenues:                          |                                |                      |                                 |                      |                      |                      |
| Program revenues:                  |                                |                      |                                 |                      |                      |                      |
| Charges for services               | \$ 291,953                     | \$ 233,895           | \$ 3,255,286                    | \$ 3,070,164         | \$ 3,547,239         | \$ 3,304,059         |
| Operating grants and contributions | 118,541                        | 118,521              |                                 |                      | 118,541              | 118,521              |
| Capital grants and contributions   | 1,308,209                      | -                    | -                               | -                    | 1,308,209            | -                    |
| General revenues:                  |                                |                      |                                 |                      |                      |                      |
| Property taxes                     | 2,499,345                      | 3,203,392            | -                               | -                    | 2,499,345            | 3,203,392            |
| State shared revenues              | 2,280,584                      | 2,232,194            | -                               | -                    | 2,280,584            | 2,232,194            |
| Franchise fees and permits         | 330,588                        | 330,588              | -                               | -                    | 330,588              | 330,588              |
| Interest and other                 | 550,175                        | 601,153              | 39,463                          | 41,820               | 589,638              | 642,973              |
| Total revenues                     | <u>7,379,395</u>               | <u>6,719,743</u>     | <u>3,294,749</u>                | <u>3,111,984</u>     | <u>10,674,144</u>    | <u>9,831,727</u>     |
| Expenses:                          |                                |                      |                                 |                      |                      |                      |
| General government                 | 2,256,907                      | 2,200,970            | -                               | -                    | 2,256,907            | 2,200,970            |
| Public safety                      | 2,429,784                      | 2,572,781            | -                               | -                    | 2,429,784            | 2,572,781            |
| Public works                       | 1,988,809                      | 515,529              | -                               | -                    | 1,988,809            | 515,529              |
| Culture and recreation             | 636,789                        | 692,933              | -                               | -                    | 636,789              | 692,933              |
| Interest on long-term debt         | 134,872                        | 177,825              | -                               | -                    | 134,872              | 177,825              |
| Sewer                              | -                              | -                    | 3,582,051                       | 3,379,706            | 3,582,051            | 3,379,706            |
| Total expenses                     | <u>7,447,161</u>               | <u>6,160,038</u>     | <u>3,582,051</u>                | <u>3,379,706</u>     | <u>11,029,212</u>    | <u>9,539,744</u>     |
| Increase in net position           | (67,766)                       | 559,705              | (287,302)                       | (267,722)            | (355,068)            | 291,983              |
| Net position - beginning           | 18,580,819                     | 18,021,138           | 25,538,043                      | 25,805,765           | 44,118,862           | 43,826,903           |
| Net position - ending              | <u>\$ 18,513,053</u>           | <u>\$ 18,580,843</u> | <u>\$ 25,250,741</u>            | <u>\$ 25,538,043</u> | <u>\$ 43,763,794</u> | <u>\$ 44,118,886</u> |

Property taxes decreased by \$704,047 during the year, with expiration of the library millage.

State shared revenues increased 2.2 percent from the prior year.

Expenses increased overall from the prior year by 20.1% due to the increase in Public Works expenses.

**Business-type activities.** Business-type activities decreased Bedford Township's net assets by \$287,302. Key elements of this decrease are as follows:

\* Charges for services for business-type activities increased by 6 percent. The Sewer system accounts for all of the increase, which was primarily the result of an increase in use charges.

\* Expenses increased overall by \$202,235, and expenses exceed revenues for the current year.

### **Financial Analysis of the Government's Funds**

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

**Governmental funds.** The focus of Bedford Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Bedford Township'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 the fiscal year.

As of the end of the current fiscal year, Bedford Township's governmental funds reported combined ending fund balances of \$8,209,562, an increase of \$501,493 in comparison with the prior year. Approximately 33 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. Approximately 49.7 percent is restricted within each particular fund, which is available for spending at the government's discretion in each fund. Approximately 9.7 percent is assigned for next years budget and the Park Fund. The remainder of fund balance, 7.6 percent is restricted for prepaid expenditures, to pay debt service, and cemetery services for indigent residents.

The General Fund is the chief operating fund of Bedford Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,201,851, while total fund balance reached \$3,431,845. As a measure of the General Fund's liquidity, it may be useful to combine assigned and unassigned fund balance then compare both assigned/unassigned fund balance and total fund balance to total fund expenditures. Assigned/unassigned fund balance represents 84 percent of total General Fund expenditures, while total fund balance represents 88.1 percent of that same amount. As stated earlier, the Park Fund has been rolled into the General Fund for reporting purposes, therefore it is appropriate to combine assigned Park Fund balance with the unassigned General Fund balance since the expenditures of the Park Fund are included within the General Fund.

The fund balance of Bedford Township's General Fund increased by \$407,533 during the current fiscal year. Key factors are as follows:

\* A decrease in property taxes of \$12,008.

\* All other revenues of the general fund increased by \$49,325.

\* Expenditures increased by \$365,452 attributable to an increase of \$13,926 in general government; a decrease in public safety of \$11,618; decrease in recreation and cultural of \$83,164, which includes the Park Fund; an increase in public works of \$369,528; a decrease in capital outlay of \$100,438; and a decrease in principal and interest payments of \$6,964.

The Fire Fund has a total fund balance of \$835,322. Of this amount, \$383,267 is assigned for next year's budget and \$27,604 is nonspendable for prepaid expenditures. This is an overall increase in fund balance of \$113,277.

The Water Fund has a total fund balance of \$2,184,195. The net increase for the year was \$62,452.

**Proprietary fund.** Bedford Township's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer system at the end of the year amounted to \$402,261. The total decrease in net assets was \$287,302. Other factors concerning the finances of this fund has already been addressed in the discussion of Bedford Township's business-type activities.

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were approximately 7.2 percent and changes can briefly be summarized as follows:

- \* \$128,169 in miscellaneous increases in general government activities
- \* \$58,602 in increases allocated to public safety
- \* \$99,000 in increases allocated to public works

**Capital Asset and Debt Administration**

**Capital assets.** Bedford Township's investment in capital assets for its governmental and business type activities as of June 30, 2013, amounts to \$33,277,573 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and park facilities,.

Major capital asset events during the current fiscal year included the following:

- \* Construction in progress sewer plant.

**Bedford Township's Capital Assets  
(net of depreciation)**

|  | Governmental Activities |               | Business-type Activities |               | Total         |               |
|--|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
|  | 2013                    | 2012          | 2013                     | 2012          | 2013          | 2012          |
| Land   | \$ 532,035              | \$ 532,035    | \$ 40,000                | \$ 40,000     | \$ 572,035    | \$ 572,035    |
| Buildings and system<br>Improvements other than<br>buildings | 7,417,718               | 7,749,646     | 15,838,869               | 16,565,983    | 23,256,587    | 24,315,629    |
| Machinery and equipment                                      | 853,517                 | 932,684       | -                        | -             | 853,517       | 932,684       |
| Infrastructure   | 1,070,184               | 1,288,298     | 125,731                  | 147,121       | 1,195,915     | 1,435,419     |
| Construction in progress                                     | 2,545,888               | 2,624,767     | -                        | -             | 2,545,888     | 2,624,767     |
| Total  | \$ 12,419,342           | \$ 13,127,430 | \$ 20,858,231            | \$ 21,194,762 | \$ 33,277,573 | \$ 34,322,192 |

Additional information on Bedford Township's capital assets can be found in note 7 on pages 30-31 of this report.

**Long-term debt.** At the end of the current fiscal year, Bedford Township had total bonded debt outstanding of \$10,187,450. Of this amount, \$6,132,450 comprises county contracts and \$4,055,000 is limited tax general obligation debt.

**Bedford Township's Outstanding Debt  
County Contracts and Limited Tax General Obligation**

|                                | Governmental Activities |              | Business-type Activities |              | Total         |              |
|--------------------------------|-------------------------|--------------|--------------------------|--------------|---------------|--------------|
|                                | 2013                    | 2012         | 2013                     | 2012         | 2013          | 2012         |
| County Contractual Obligations | \$ 177,450              | \$ 311,250   | \$ 5,955,000             | \$ 6,420,000 | \$ 6,132,450  | \$ 6,731,250 |
| Limited Tax General Obligation |                         |              |                          |              |               |              |
| Bonds                          | 4,055,000               | 3,130,000    | -                        | -            | 4,055,000     | 3,130,000    |
| Total                          | \$ 4,232,450            | \$ 3,441,250 | \$ 5,955,000             | \$ 6,420,000 | \$ 10,187,450 | \$ 9,861,250 |

Bedford Township's total debt increased by \$326,200 during the current fiscal year.

The Township issued Limited Tax General Obligation Bonds during the year. The financing covered special assessment road improvements. The total principal of the bonds was \$1,175,000.

Additional information on Bedford Township's long-term debt can be found in note 10 on page 32 of this report.

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

The General Fund tax revenues and taxable values are anticipated to increase marginally for the 2013-14 year. State shared revenues are forecasted to increase approximately .44%. The budget for 2013-14 anticipates excess revenues of approximately \$124,000.

**Requests for Information**

This financial report is designed to provide a general overview of the Bedford 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 the Office of the Finance Director, 8100 Jackman Road, PO Box H, Temperance, MI 48182.

JUNE 30, 2013

|  | Primary Government         |                               |                      | Component<br>Units  |
|--|----------------------------|-------------------------------|----------------------|---------------------|
|  | Governmental<br>Activities | Business - Type<br>Activities | Total                |                     |
| <b>Assets</b>                                      |                            |                               |                      |                     |
| Cash and Cash Equivalents                          | \$ 9,225,249               | \$ 1,975,248                  | \$ 11,200,497        | \$ 957,489          |
| Receivables (Net of Allowance for Uncollectibles): |                            |                               |                      |                     |
| Accounts   | 164,298                    | 1,305,068                     | 1,469,366            | -                   |
| Assessments  | 2,219,291                  | 228,481                       | 2,447,772            | -                   |
| Tap-Ins  | -                          | -                             | -                    | -                   |
| Loans  | 92,557                     | -                             | 92,557               | -                   |
| Grants   | 5,201                      | -                             | 5,201                | -                   |
| Prepaid Expenses                                   | 174,411                    | 10,331                        | 184,742              | 49                  |
| Due From State of Michigan                         | 385,133                    | -                             | 385,133              | -                   |
| Internal Balances                                  | (527,200)                  | 527,200                       | -                    | -                   |
| Restricted Cash With Fiscal Agent                  | -                          | 6,439,168                     | 6,439,168            | -                   |
| Capital Assets:                                    |                            |                               |                      |                     |
| Land   | 532,035                    | 40,000                        | 572,035              | -                   |
| Construction in Progress                           | -                          | 4,853,631                     | 4,853,631            | -                   |
| Buildings and System                               | 10,843,564                 | 36,355,693                    | 47,199,257           | -                   |
| Improvements Other than Buildings                  | 1,090,489                  | -                             | 1,090,489            | 376,556             |
| Machinery and Equipment                            | 5,368,075                  | 673,439                       | 6,041,514            | -                   |
| Infrastructure                                     | 3,331,230                  | -                             | 3,331,230            | 32,672              |
| Less Accumulated Depreciation                      | (8,746,051)                | (21,064,532)                  | (29,810,583)         | (161,313)           |
| Total Assets                                       | <u>24,158,282</u>          | <u>31,343,727</u>             | <u>55,502,009</u>    | <u>1,205,453</u>    |
| <b>Liabilities</b>                                 |                            |                               |                      |                     |
| Accounts Payable                                   | 1,199,121                  | 98,321                        | 1,297,442            | 4,235               |
| Inspection Fees Payable                            | -                          | -                             | -                    | -                   |
| Accrued Wages                                      | 8,867                      | 2,213                         | 11,080               | -                   |
| Accrued Compensated Absences                       | 59,673                     | 6,813                         | 66,486               | -                   |
| Accrued Payroll Taxes                              | -                          | -                             | -                    | -                   |
| Accrued Interest Payable                           | 20,643                     | 28,939                        | 49,582               | -                   |
| Due to County                                      | -                          | 1,700                         | 1,700                | -                   |
| Noncurrent Liabilities:                            |                            |                               |                      |                     |
| Due Within One Year                                | 363,800                    | 320,000                       | 683,800              | -                   |
| Due in More Than One Year                          | 3,868,650                  | 5,635,000                     | 9,503,650            | -                   |
| Net OPEB Obligation                                | 124,475                    | -                             | 124,475              | -                   |
| Total Liabilities                                  | <u>5,645,229</u>           | <u>6,092,986</u>              | <u>11,738,215</u>    | <u>4,235</u>        |
| <b>Net Position</b>                                |                            |                               |                      |                     |
| Net Investment in Capital Assets                   | 10,904,342                 | 14,903,231                    | 25,807,573           | 247,915             |
| Restricted for:                                    |                            |                               |                      |                     |
| System Replacement                                 | -                          | 8,331,071                     | 8,331,071            | -                   |
| Debt Service                                       | 445,081                    | 1,614,178                     | 2,059,259            | -                   |
| Fire Operations                                    | 698,624                    | -                             | 698,624              | -                   |
| Water  | 1,569,035                  | -                             | 1,569,035            | -                   |
| Transit System                                     | 220,812                    | -                             | 220,812              | -                   |
| Cemetery   | 6,558                      | -                             | 6,558                | -                   |
| Rehabilitation                                     | 27,448                     | -                             | 27,448               | -                   |
| Metro Act  | 34,816                     | -                             | 34,816               | -                   |
| Law Enforcement                                    | 348,299                    | -                             | 348,299              | -                   |
| Library  | 851,807                    | -                             | 851,807              | -                   |
| Roads  | 66,595                     | -                             | 66,595               | -                   |
| Unrestricted                                       | <u>3,339,636</u>           | <u>402,261</u>                | <u>3,741,897</u>     | <u>953,303</u>      |
| Total Net Position                                 | <u>\$ 18,513,053</u>       | <u>\$ 25,250,741</u>          | <u>\$ 43,763,794</u> | <u>\$ 1,201,218</u> |

See Accompanying Notes to the Financial Statements

**BEDFORD TOWNSHIP**

GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

| Functions/Programs                   | Program Revenues     |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                      | Component Units     |
|--------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|---------------------|
|                                      | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          |                      |                     |
|                                      |                      |                      |                                    |                                  | Governmental Activities                           | Business-Type Activities | Total                |                     |
| Primary Government                   |                      |                      |                                    |                                  |   |                          |                      |                     |
| Governmental Activities:             |                      |                      |                                    |                                  |   |                          |                      |                     |
| General Government                   | \$ 2,256,907         | \$ 41,547            | \$ -                               | \$ -                             | \$ (2,215,360)                                    | \$ -                     | \$ (2,215,360)       | \$ -                |
| Public Safety                        | 2,429,784            | 235,974              | 118,541                            | -                                | (2,075,269)                                       | -                        | (2,075,269)          | -                   |
| Public Works                         | 1,988,809            | -                    | -                                  | 1,308,209                        | (680,600)   | -                        | (680,600)            | -                   |
| Culture and Recreation               | 636,789              | -                    | -                                  | -                                | (636,789)   | -                        | (636,789)            | -                   |
| Interest on Long-Term Debt           | 134,872              | -                    | -                                  | -                                | (134,872)   | -                        | (134,872)            | -                   |
| Total Governmental Activities        | <u>7,447,161</u>     | <u>277,521</u>       | <u>118,541</u>                     | <u>1,308,209</u>                 | <u>(5,742,890)</u>                                | <u>-</u>                 | <u>(5,742,890)</u>   | <u>-</u>            |
| Business-Type Activities:            |                      |                      |                                    |                                  |   |                          |                      |                     |
| Sewer                                | <u>3,582,051</u>     | <u>3,255,286</u>     | <u>-</u>                           | <u>-</u>                         | <u>-</u>  | <u>(326,765)</u>         | <u>(326,765)</u>     | <u>-</u>            |
| Total Business-type Activities       | <u>3,582,051</u>     | <u>3,255,286</u>     | <u>-</u>                           | <u>-</u>                         | <u>-</u>  | <u>(326,765)</u>         | <u>(326,765)</u>     | <u>-</u>            |
| Component Units                      | <u>77,561</u>        | <u>-</u>             | <u>-</u>                           | <u>-</u>                         | <u>-</u>  | <u>-</u>                 | <u>-</u>             | <u>(77,561)</u>     |
| Total Primary Government             | <u>\$ 11,106,773</u> | <u>\$ 3,532,807</u>  | <u>\$ 118,541</u>                  | <u>\$ 1,308,209</u>              | <u>(5,742,890)</u>                                | <u>(326,765)</u>         | <u>(6,069,655)</u>   | <u>(77,561)</u>     |
| General Revenues:                    |                      |                      |                                    |                                  |   |                          |                      |                     |
| Property Taxes                       |                      |                      |                                    |                                  | 2,499,345   | -                        | 2,499,345            | 192,306             |
| State Shared Revenues                |                      |                      |                                    |                                  | 2,280,584   | -                        | 2,280,584            | -                   |
| Franchise Fees                       |                      |                      |                                    |                                  | 345,020   | -                        | 345,020              | -                   |
| Unrestricted Investment Earnings     |                      |                      |                                    |                                  | 77,704  | 39,463                   | 117,167              | 999                 |
| Miscellaneous                        |                      |                      |                                    |                                  | 472,471   | -                        | 472,471              | 14,067              |
| Total General Revenues and Transfers |                      |                      |                                    |                                  | <u>5,675,124</u>                                  | <u>39,463</u>            | <u>5,714,587</u>     | <u>207,372</u>      |
| Change in Net Position               |                      |                      |                                    |                                  | (67,766)  | (287,302)                | (355,068)            | 129,811             |
| Net Position - Beginning             |                      |                      |                                    |                                  | <u>18,580,819</u>                                 | <u>25,538,043</u>        | <u>44,118,862</u>    | <u>1,071,407</u>    |
| Net Position - Ending                |                      |                      |                                    |                                  | <u>\$ 18,513,053</u>                              | <u>\$ 25,250,741</u>     | <u>\$ 43,763,794</u> | <u>\$ 1,201,218</u> |

See Accompanying Notes to the Financial Statements

**BEDFORD TOWNSHIP**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

|  | <u>General</u>             | <u>Fire</u>              | <u>Water</u>               | <u>Greenhill<br/>Debt</u>  | <u>Enchanted<br/>Forest</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|----------------------------|--------------------------|----------------------------|----------------------------|-----------------------------|---|---|
| <b>Assets</b>  |                            |                          |                            |                            |                             |   |   |
| Cash and Cash Equivalents  | \$ 2,993,330               | \$ 814,925               | \$ 2,215,440               | \$ 287,930                 | \$ 744,188                  | \$ 2,169,436                            | \$ 9,225,249                            |
| Accounts Receivable  | 164,298                    | -                        | -                          | -                          | -                           | -                                       | 164,298                                 |
| Prepaid Costs  | 143,815                    | 27,604                   | -                          | -                          | -                           | 2,992                                   | 174,411                                 |
| Loans Receivable   | -                          | -                        | -                          | -                          | -                           | 92,557                                  | 92,557                                  |
| Grants Receivable  | -                          | -                        | -                          | -                          | -                           | 5,201                                   | 5,201                                   |
| Tap-Ins Receivable   | -                          | -                        | -                          | -                          | -                           | -                                       | -                                       |
| Assessments Receivable   | -                          | -                        | 47,871                     | 712,285                    | 850,962                     | 608,173                                 | 2,219,291                               |
| Due From Other Funds   | 81,456                     | -                        | -                          | -                          | -                           | -                                       | 81,456                                  |
| Due From State of Michigan   | 385,133                    | -                        | -                          | -                          | -                           | -                                       | 385,133                                 |
| Restricted Cash  | -                          | -                        | -                          | -                          | -                           | -                                       | -                                       |
| <b>Total Assets</b>  | <b><u>\$ 3,768,032</u></b> | <b><u>\$ 842,529</u></b> | <b><u>\$ 2,263,311</u></b> | <b><u>\$ 1,000,215</u></b> | <b><u>\$ 1,595,150</u></b>  | <b><u>\$ 2,878,359</u></b>              | <b><u>\$ 12,347,596</u></b>             |
| <b>Liabilities</b>   |                            |                          |                            |                            |                             |   |   |
| Accounts Payable   | \$ 325,081                 | \$ 4,961                 | \$ 21,645                  | \$ -                       | \$ 535,940                  | \$ 311,494                              | \$ 1,199,121                            |
| Accrued Wages  | 8,007                      | 860                      | -                          | -                          | -                           | -                                       | 8,867                                   |
| Accrued Payroll Taxes  | -                          | -                        | -                          | -                          | -                           | -                                       | -                                       |
| Compensated Absences Payable   | 3,000                      | 1,341                    | -                          | -                          | -                           | -                                       | 4,341                                   |
| Due to Other Funds   | 99                         | 45                       | 9,600                      | -                          | -                           | 598,912                                 | 608,656                                 |
| <b>Total Liabilities</b>   | <b><u>336,187</u></b>      | <b><u>7,207</u></b>      | <b><u>31,245</u></b>       | <b><u>-</u></b>            | <b><u>535,940</u></b>       | <b><u>910,406</u></b>                   | <b><u>1,820,985</u></b>                 |
| <b>Deferred Inflow of Resources:</b>                                     |                            |                          |                            |                            |                             |   |   |
| Unavailable Revenue - Loans and Grants                                   | -                          | -                        | 47,871                     | 712,285                    | 850,962                     | 97,758                                  | 97,758                                  |
| Unavailable Revenue - Special Assessments                                | -                          | -                        | 47,871                     | 712,285                    | 850,962                     | 608,173                                 | 2,219,291                               |
|  | <u>-</u>                   | <u>-</u>                 | <u>47,871</u>              | <u>712,285</u>             | <u>850,962</u>              | <u>705,931</u>                          | <u>2,317,049</u>                        |
| <b>Fund Balances:</b>  |                            |                          |                            |                            |                             |   |   |
| Nonspendable - Prepaid   | 143,815                    | 27,604                   | -                          | -                          | -                           | 2,992                                   | 174,411                                 |
| Restricted   |                            |                          |                            |                            |                             |   |   |
| Capital Improvements   | -                          | -                        | -                          | -                          | 208,248                     | -                                       | 208,248.00                              |
| Debt   | -                          | -                        | -                          | 287,930                    | -                           | 157,151                                 | 445,081                                 |
| Fire Operations  | -                          | 424,451                  | -                          | -                          | -                           | -                                       | 424,451                                 |
| Water  | -                          | -                        | 2,184,195                  | -                          | -                           | -                                       | 2,184,195                               |
| Transit System   | -                          | -                        | -                          | -                          | -                           | 171,192                                 | 171,192                                 |
| Cemetery   | -                          | -                        | -                          | -                          | -                           | 6,558                                   | 6,558                                   |
| Rehabilitation   | -                          | -                        | -                          | -                          | -                           | 38,018                                  | 38,018                                  |
| Metro Act  | -                          | -                        | -                          | -                          | -                           | 38,601                                  | 38,601                                  |
| Law Enforcement  | -                          | -                        | -                          | -                          | -                           | 249,761                                 | 249,761                                 |
| Library  | -                          | -                        | -                          | -                          | -                           | 671,627                                 | 671,627                                 |
| Roads  | -                          | -                        | -                          | -                          | -                           | 86,933                                  | 86,933                                  |
| Assigned:  |                            |                          |                            |                            |                             |   |   |
| Parks  | 86,179                     | -                        | -                          | -                          | -                           | -                                       | 86,179                                  |
| Subsequent Year's Budget   | -                          | 383,267                  | -                          | -                          | -                           | 326,525                                 | 709,792                                 |
| Unassigned   | 3,201,851                  | -                        | -                          | -                          | -                           | (487,336)                               | 2,714,515                               |
| <b>Total Fund Balances</b>   | <b><u>3,431,845</u></b>    | <b><u>835,322</u></b>    | <b><u>2,184,195</u></b>    | <b><u>287,930</u></b>      | <b><u>208,248</u></b>       | <b><u>1,262,022</u></b>                 | <b><u>8,209,562</u></b>                 |
| <b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b> | <b><u>\$ 3,768,032</u></b> | <b><u>\$ 842,529</u></b> | <b><u>\$ 2,263,311</u></b> | <b><u>\$ 1,000,215</u></b> | <b><u>\$ 1,595,150</u></b>  | <b><u>\$ 2,878,359</u></b>              |   |

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 12,419,342

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 2,317,049

Long-term liabilities, including bonds payable and net OPEB obligations, are not due and payable in the current period and therefore are not reported in the funds. (4,432,900)

**Net Assets of Governmental Activities** **\$ 18,513,053**

**BEDFORD TOWNSHIP**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | <u>General</u>      | <u>Fire</u>       | <u>Water</u>        | <u>Greenhill<br/>Debt</u> | <u>Enchanted<br/>Forest</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|-------------------|---------------------|---------------------------|-----------------------------|---|---|
| <b>Revenues:</b>                               |                     |                   |                     |                           |                             |   |   |
| Taxes  | \$ 1,050,408        | \$ 841,896        | \$ -                | \$ -                      | \$ -                        | \$ 607,041                              | \$ 2,499,345                            |
| Licenses and Permits                           | 556,075             | -                 | -                   | -                         | -                           | 24,919                                  | 580,994                                 |
| Intergovernmental:                             |                     |                   |                     |                           |                             |   |   |
| State Grants                                   | 2,278,209           | -                 | -                   | -                         | -                           | 2,375                                   | 2,280,584                               |
| Charges for Services                           | 23,522              | -                 | -                   | -                         | -                           | 18,025                                  | 41,547                                  |
| Assessments                                    | -                   | 118,541           | 34,180              | 111,533                   | 117,064                     | 135,004                                 | 516,322                                 |
| Fines and Forfeits                             | 21,690              | -                 | -                   | -                         | -                           | -                                       | 21,690                                  |
| Interest                                       | 6,322               | 615               | 6,959               | 41,606                    | 647                         | 21,555                                  | 77,704                                  |
| Other Revenues                                 | 366,315             | 63,118            | 22,005              | -                         | -                           | 23,396                                  | 474,834                                 |
| <b>Total Revenues</b>                          | <b>4,302,541</b>    | <b>1,024,170</b>  | <b>63,144</b>       | <b>153,139</b>            | <b>117,711</b>              | <b>832,315</b>                          | <b>6,493,020</b>                        |
| <b>Expenditures:</b>                           |                     |                   |                     |                           |                             |   |   |
| Current:                                       |                     |                   |                     |                           |                             |   |   |
| General Government                             | 1,780,369           | -                 | -                   | -                         | -                           | 293,222                                 | 2,073,591                               |
| Public Safety                                  | 897,862             | 889,301           | -                   | -                         | -                           | 449,955                                 | 2,237,118                               |
| Public Works                                   | 802,811             | -                 | 692                 | -                         | 825,963                     | 284,150                                 | 1,913,616                               |
| Recreational and Cultural                      | 160,882             | -                 | -                   | -                         | -                           | 163,303                                 | 324,185                                 |
| Other  | -                   | -                 | -                   | -                         | -                           | -                                       | -                                       |
| Capital Outlay                                 | 6,000               | 21,592            | -                   | -                         | -                           | 69,106                                  | 96,698                                  |
| Debt Service:                                  |                     |                   |                     |                           |                             |   |   |
| Principal                                      | 180,300             | -                 | -                   | 135,000                   | -                           | 68,800                                  | 384,100                                 |
| Interest and Fiscal Charges                    | 66,784              | -                 | -                   | 47,700                    | -                           | 22,711                                  | 137,195                                 |
| <b>Total Expenditures</b>                      | <b>3,895,008</b>    | <b>910,893</b>    | <b>692</b>          | <b>182,700</b>            | <b>825,963</b>              | <b>1,351,247</b>                        | <b>7,166,503</b>                        |
| Excess of Revenue Over (Under)<br>Expenditures | 407,533             | 113,277           | 62,452              | (29,561)                  | (708,252)                   | (518,932)                               | (673,483)                               |
| <b>Other Financing Sources (Uses):</b>         |                     |                   |                     |                           |                             |   |   |
| Bond Proceeds                                  | -                   | -                 | -                   | -                         | 916,500                     | 258,500                                 | 1,175,000                               |
| Transfers In                                   | -                   | -                 | -                   | -                         | -                           | -                                       | -                                       |
| Transfers Out                                  | -                   | -                 | -                   | -                         | -                           | -                                       | -                                       |
| <b>Total Other Financing Sources (Uses)</b>    | <b>-</b>            | <b>-</b>          | <b>-</b>            | <b>-</b>                  | <b>916,500</b>              | <b>258,500</b>                          | <b>1,175,000</b>                        |
| <b>Net Change in Fund Balances</b>             | <b>407,533</b>      | <b>113,277</b>    | <b>62,452</b>       | <b>(29,561)</b>           | <b>208,248</b>              | <b>(260,432)</b>                        | <b>501,517</b>                          |
| Fund Balance - Beginning                       | 3,024,312           | 722,045           | 2,121,743           | 317,491                   | -                           | 1,522,454                               |   |
| <b>Fund Balance - Ending</b>                   | <b>\$ 3,431,845</b> | <b>\$ 835,322</b> | <b>\$ 2,184,195</b> | <b>\$ 287,930</b>         | <b>\$ 208,248</b>           | <b>\$ 1,262,022</b>                     |   |

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 the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | (692,071)          |
| -Special assessment and similar revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  | 902,392            |
| -Increases in net OPEB obligation expense reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.   | 4,511              |
|   | (1,175,000)        |
| -Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)  | 383,800            |
| -The net effect of transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets.  | (16,017)           |
| -Increases in accumulated employee vacation pay and similar expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.  | 23,102             |
| <b>Change in Net Assets of Governmental Activities</b>  | <b>\$ (67,766)</b> |



**BEDFORD TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

|  | <i>Business-type Activities - Enterprise Funds</i> |                   |
|--|--|-------------------|
|  | <i>Sewer</i>                                       | <i>Sewer</i>      |
|  | <i>Fund</i>  | <i>Fund</i>       |
|  | <i>Current Year</i>                                | <i>Prior Year</i> |
| <b>Assets</b>                              |  |                   |
| Current Assets:                            |  |                   |
| Cash and Cash Equivalents                  | \$ 1,975,248                                       | \$ 1,901,771      |
| Accounts Receivable                        | 1,305,068  | 1,212,580         |
| Current Portion - Assessments Receivable   | 25,000   | 25,000            |
| Due From Other Funds                       | 529,642  | 559,042           |
| Prepaid Expense                            | 10,331   | 3,054             |
| Total Current Assets                       | 3,845,289  | 3,701,447         |
| Noncurrent Assets                          |  |                   |
| Cash With Fiscal Agent                     | 6,439,168  | 7,025,216         |
| Long-Term Portion - Assessments Receivable | 203,481  | 238,295           |
| Capital Assets                             |  |                   |
| Land                                       | 40,000   | 40,000            |
| Construction in Progress                   | 4,853,631  | 4,441,658         |
| Buildings and System                       | 36,355,693   | 36,355,693        |
| Machinery and Equipment                    | 673,439  | 673,439           |
| Less Accumulated Depreciation              | (21,064,532)                                       | (20,316,028)      |
| Total Assets                               | 31,346,169   | 32,159,720        |
| <b>Liabilities</b>                         |  |                   |
| Current Liabilities:                       |  |                   |
| Accounts Payable                           | 98,321   | 146,025           |
| Accrued Wages                              | 2,213  | 1,791             |
| Compensated Absences                       | 6,813  | 14,215            |
| Accrued Payroll Taxes                      | -  | 213               |
| Accrued Interest Payable                   | 28,939   | 31,696            |
| Due to Other Funds                         | 2,442  | 6,599             |
| Due to County                              | 1,700  | 1,138             |
| Current Portion of Noncurrent Liabilities  | 320,000  | 465,000           |
| Total Current Liabilities                  | 460,428  | 666,677           |
| Noncurrent Liabilities                     |  |                   |
| Bonds Payable                              | 5,635,000  | 5,955,000         |
| Total Liabilities                          | 6,095,428  | 6,621,677         |
| <b>Net Position:</b>                       |  |                   |
| Net Investment in Capital Assets           | 14,903,231   | 14,774,762        |
| Restricted For Replacement                 | 8,331,071  | 8,331,071         |
| Restricted For Debt Retirement             | 1,614,178  | 1,614,178         |
| Unrestricted                               | 402,261  | 818,032           |
| Total Net Position                         | \$ 25,250,741                                      | \$ 25,538,043     |

See Accompanying Notes to the Financial Statements

**BEDFORD TOWNSHIP****STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS**

FOR THE YEAR ENDED JUNE 30, 2013

|                                       | <i>Business-type Activities - Enterprise Funds</i> |                                      |
|---------------------------------------|--|--------------------------------------|
|                                       | <i>Sewer<br/>Fund<br/>Current Year</i>             | <i>Sewer<br/>Fund<br/>Prior Year</i> |
| Operating Revenue:                    |  |                                      |
| Use Charges                           | \$ 3,166,045                                       | \$ 2,984,900                         |
| Tap-In Fees                           | 36,263   | 24,813                               |
| Penalties                             | 52,978   | 60,451                               |
| Total Operating Revenue               | <u>3,255,286</u>                                   | <u>3,070,164</u>                     |
| Operating Expenses:                   |  |                                      |
| Contracted Operations and Maintenance | 2,354,227  | 2,133,792                            |
| Depreciation                          | 748,504  | 746,722                              |
| Office Salaries                       | 99,166   | 117,701                              |
| Office Supplies                       | 9,850  | 8,917                                |
| Insurance                             | 5,985  | 4,245.00                             |
| Professional Fees                     | 10,382   | 15,426                               |
| Employees' Fringe Benefits            | 86,846   | 87,952                               |
| Administrative Expense                | 15,594   | 6,421                                |
| Maintenance                           | 44,060   | 39,321                               |
| Other                                 | 16,483   | 17,262                               |
| Total Operating Expenses              | <u>3,391,097</u>                                   | <u>3,177,759</u>                     |
| Operating Income                      | <u>(135,811)</u>                                   | <u>(107,595)</u>                     |
| Non-Operating Revenue:                |  |                                      |
| Interest Revenue                      | 39,463   | 41,820                               |
| Non-Operating Expenses:               |  |                                      |
| Interest Expense                      | <u>(190,954)</u>                                   | <u>(201,947)</u>                     |
| Net Income                            | <b>(287,302)</b>                                   | <b>(267,722)</b>                     |
| Total Net Position - Beginning        | <u>25,538,043</u>                                  | <u>25,805,765</u>                    |
| Total Net Position - Ending           | <u><u>\$ 25,250,741</u></u>                        | <u><u>\$ 25,538,043</u></u>          |

See Accompanying Notes to the Financial Statements

**BEDFORD TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

|   | <i>Business-type Activities - Enterprise Funds</i> |                                      |
|---|--|--------------------------------------|
|   | <i>Sewer<br/>Fund<br/>Current Year</i>             | <i>Sewer<br/>Fund<br/>Prior Year</i> |
| <i>Cash Flows from Operating Activities:</i>  |  |                                      |
| Receipts from customers and users   | \$ 3,182,048                                       | \$ 3,089,233                         |
| Payments to suppliers   | (2,507,764)  | (2,717,264)                          |
| Payments to employees   | (193,205)  | (205,653)                            |
|   | <u>481,079</u>                                     | <u>166,316</u>                       |
| <i>Cash Flows from Capital and Related Financing Activities:</i>  |  |                                      |
| Assessment Collections  | 34,814   | 23,936                               |
| Purchase of Capital Assets  | (411,973)  | (4,328,494)                          |
| Bond Proceeds   | -  | -                                    |
| Principal Paid on Bonds   | (465,000)  | (445,000)                            |
| Interest Paid on Bonds  | (190,954)  | (201,947)                            |
|   | <u>(1,033,113)</u>                                 | <u>(4,951,505)</u>                   |
| <i>Cash Flows from Investing Activities:</i>  |  |                                      |
| Interest on Investments   | 39,463   | 41,820                               |
|   | <u>39,463</u>                                      | <u>41,820</u>                        |
| Net Increase In Cash and Cash Equivalents   | (512,571)  | (4,743,369)                          |
| Cash and Cash Equivalents - Beginning   | 8,926,987  | 13,670,356                           |
| Cash and Cash Equivalents - Ending  | <u>\$ 8,414,416</u>                                | <u>\$ 8,926,987</u>                  |
| <i>Reconciliation of Operating Income to Net<br/>Cash Provided (Used) by Operating Activities:</i>          |  |                                      |
| Operating Income  | \$ (135,811)                                       | \$ (107,595)                         |
| Adjustments to Reconcile Operating Income<br>(Loss) to Net Cash Provided (Used) by<br>Operating Activities: |  |                                      |
| Depreciation  | 748,504  | 746,722                              |
| Changes in Current Assets and Liabilities:  |  |                                      |
| Accounts Receivable   | (92,488)   | 19,070                               |
| Due from Other Funds  | 29,400   | (509,042)                            |
| Prepaid Expense   | (7,277)  | 4,431                                |
| Accounts Payable  | (47,704)   | 11,008                               |
| Accrued Interest  | (2,757)  | (2,598)                              |
| Accrued Wages   | 422  | 701                                  |
| Compensated Absences  | (7,402)  | 8,284                                |
| Accrued Payroll Taxes   | (213)  | 130                                  |
| Due to Other Funds  | (4,157)  | (3,145)                              |
| Due to Monroe County  | 562  | (1,650)                              |
|   | <u>616,890</u>                                     | <u>273,911</u>                       |
| Total Adjustments and Changes   | <u>616,890</u>                                     | <u>273,911</u>                       |
| Net Cash Provided By Operating Activities   | <u>\$ 481,079</u>                                  | <u>\$ 166,316</u>                    |
| Cash Interest Paid  | <u>\$ 193,711</u>                                  | <u>\$ 204,545</u>                    |

See Accompanying Notes to the Financial Statements

**BEDFORD TOWNSHIP**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2013**

|  | <u>Pension<br/>Fund</u>    |
|--|----------------------------|
| <b>Assets</b>  |                            |
| Cash and Cash Equivalents                                | \$ -                       |
| Investments at Fair Value:                               |                            |
| Mutual Funds   | <u>1,174,585</u>           |
| Total Assets   | 1,174,585                  |
| <b>Liabilities</b>                                       |                            |
| Due to Others  | <u>-</u>                   |
| Total Liabilities  | <u>-</u>                   |
| <b>Net Position</b>                                      |                            |
| Held in Trust for Pension Benefits<br>and Other Purposes | <u><u>\$ 1,174,585</u></u> |

See Accompanying Notes to the Financial Statements

**BEDFORD TOWNSHIP****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013**

|                          | <u>Pension<br/>Fund</u>    |
|--------------------------|----------------------------|
| <b>Additions:</b>        |                            |
| Contributions:           |                            |
| Employer                 | \$ 118,875                 |
| Plan Members             | <u>31,665</u>              |
| Total Contributions      | 150,540                    |
| Investment Earnings      | <u>133,946</u>             |
| Total Additions          | <u>284,486</u>             |
| <b>Deductions:</b>       |                            |
| Administrative Expenses  | 9,452                      |
| Benefits                 | <u>468,010</u>             |
| Total Deductions         | <u>477,462</u>             |
| Net Change               | <b>(192,976)</b>           |
| Net Position - Beginning | <u>1,367,561</u>           |
| Net Position - Ending    | <u><u>\$ 1,174,585</u></u> |

See Accompanying Notes to the Financial Statements

**BEDFORD TOWNSHIP**  
**STATEMENT OF NET POSITION - COMPONENT UNITS**  
**JUNE 30, 2013**

|  | <i>Economic<br/>Development<br/>Corporation</i> | <i>Downtown<br/>Development<br/>Authority</i> | <i>Total<br/>Component<br/>Units</i> |
|--|---|---|--------------------------------------|
| <b>Assets</b>                                      |   |   |                                      |
| Cash and Cash Equivalents                          | \$ 42,803                                       | \$ 914,686                                    | \$ 957,489                           |
| Investments  | -   | -   | -                                    |
| Receivables (Net of Allowance for Uncollectibles): |   |   |                                      |
| Assessments  | -   | -   | -                                    |
| Accounts   | -   | -   | -                                    |
| Prepaid Expenses                                   | 49  | -   | 49                                   |
| Capital Assets:                                    |   |   |                                      |
| Improvements Other than Buildings                  | 5,200   | 371,356                                       | 376,556                              |
| Infrastructure                                     | -   | 32,672  | 32,672                               |
| Construction In Progress                           | -   | -   | -                                    |
| Less Accumulated Depreciation                      | (5,200)   | (156,113)                                     | (161,313)                            |
| <b>Total Assets</b>                                | <b>42,852</b>                                   | <b>1,162,601</b>                              | <b>1,205,453</b>                     |
| <b>Liabilities</b>                                 |   |   |                                      |
| Accounts Payable                                   | 36  | 4,199   | 4,235                                |
| Accrued Interest Payable                           | -   | -   | -                                    |
| Noncurrent Liabilities:                            |   |   |                                      |
| Due Within One Year                                | -   | -   | -                                    |
| Due in More Than One Year                          | -   | -   | -                                    |
| <b>Total Liabilities</b>                           | <b>36</b>                                       | <b>4,199</b>                                  | <b>4,235</b>                         |
| <b>Net Position</b>                                |   |   |                                      |
| Invested in Capital Assets Net of Related Debt     | -   | 247,915                                       | 247,915                              |
| Restricted for Prepaid                             | 49  | 8   | 57                                   |
| Unrestricted                                       | 42,767  | 910,479                                       | 953,246                              |
| <b>Total Net Position</b>                          | <b>\$ 42,816</b>                                | <b>\$ 1,158,402</b>                           | <b>\$ 1,201,218</b>                  |

See Accompanying Notes to the Financial Statements

**BEDFORD TOWNSHIP**

**STATEMENT OF ACTIVITIES - COMPONENT UNITS  
FOR THE YEAR ENDED JUNE 30, 2013**

| Functions/Programs                    | <u>Expenses</u>  | <u>Program Revenues</u>         |   |   | <u>Net (Expense) Revenue and<br/>Changes in Net Position</u> |   |                     |
|---------------------------------------|------------------|---------------------------------|---|---|--|---|---------------------|
|                                       |                  | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> | <u>Economic<br/>Development<br/>Authority</u>                | <u>Downtown<br/>Development<br/>Authority</u> | <u>Total</u>        |
| <i>Economic Development Authority</i> |                  |                                 |   |   |  |   |                     |
| General Government                    | \$ 8,932         | \$ -                            | \$ -  | \$ -  | \$ (8,932)   | \$ -  | \$ (8,932)          |
| <i>Downtown Development Authority</i> |                  |                                 |   |   |  |   |                     |
| General Government                    | 28,226           | -                               | -   | -   | -  | (28,226)                                      | (28,226)            |
| Public Works                          | 40,403           | -                               | -   | -   | -  | (40,403)                                      | (40,403)            |
|                                       | <u>68,629</u>    | <u>-</u>                        | <u>-</u>  | <u>-</u>  |  |   |                     |
| <b>Total Component Units</b>          | <u>\$ 77,561</u> | <u>\$ -</u>                     | <u>\$ -</u>                                       | <u>\$ -</u>                                     | <u>(8,932)</u>   | <u>(68,629)</u>                               | <u>(77,561)</u>     |
| General Revenues:                     |                  |                                 |   |   |  |   |                     |
| Property Taxes                        |                  |                                 |   |   | -  | 192,306                                       | 192,306             |
| Miscellaneous                         |                  |                                 |   |   | 14,067   | -   | 14,067              |
| Unrestricted Investment Earnings      |                  |                                 |   |   | 40   | 959   | 999                 |
| Transfers                             |                  |                                 |   |   | <u>-</u>   | <u>-</u>                                      | <u>-</u>            |
| Total General Revenues and Transfers  |                  |                                 |   |   | <u>14,107</u>  | <u>193,265</u>                                | <u>207,372</u>      |
| Change in Net Assets                  |                  |                                 |   |   | 5,175  | 124,636                                       | 129,811             |
| Net Position - Beginning              |                  |                                 |   |   | <u>37,641</u>  | <u>1,033,766</u>                              | <u>1,071,407</u>    |
| Net Position - Ending                 |                  |                                 |   |   | <u>\$ 42,816</u>   | <u>\$ 1,158,402</u>                           | <u>\$ 1,201,218</u> |

See Accompanying Notes to the Financial Statements

**BEDFORD TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

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- NOTE 1 - *Summary of Significant Accounting Policies*
- NOTE 2 - *Reconciliation of Government-Wide and Fund Financial Statements*
- NOTE 3 - *Stewardship, Compliance and Accountability*
- NOTE 4 - *Deposits and Investments*
- NOTE 5 - *Receivables*
- NOTE 6 - *Accounting and Reporting Change*
- NOTE 7 - *Capital Assets*
- NOTE 8 - *Interfund Receivables, Payables, and Transfers*
- NOTE 9 - *Leases*
- NOTE 10 - *Long-term Debt*
- NOTE 11 - *Other Post-Employment Benefits*
- NOTE 12 - *Employee Retirement Plan*
- NOTE 13 - *Compensated Absences*
- NOTE 14 - *Deferred Compensation Plan*
- NOTE 15 - *Monroe County Joint Powers Water Contracts  
(South County Water System)*
- NOTE 16 - *Pending Litigation*
- NOTE 17 - *Restricted Assets*
- NOTE 18 - *Risk Management*
- NOTE 19 - *Required Supplementary Information*
- NOTE 20 - *Conduit Debt*
- NOTE 21 - *Building Department*
- NOTE 22 - *Subsequent Events*



**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Bedford Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Bedford Township:

**A - Reporting Entity**

Bedford Township is a municipal corporation governed by an elected seven member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

***Blended Component Unit*** - The Township has no blended component units.

***Discretely Presented Component Units*** -The Economic Development Corporation is used to issue bonds to promote commercial and industrial growth. All bonds are issued in accordance with the provisions of Act No. 270 and were to be repaid solely from net revenues received from the project under contract and the bonds shall never constitute a general obligation of the Economic Development Corporation of the Township of Bedford. The Township appoints the governing body of the Corporation, approves budgets, tax levies and debt issues. The Corporation is reported as a governmental fund.

The Downtown Development Authority is a tax increment district that provides infrastructure to promote development or redevelopment. The Authority may issue debt which is repaid from assessments or tax increment captures. The Township appoints the governing body of the Authority, approves budgets, tax levies and debt issues. The Authority is reported as a governmental fund.

Complete financial statements for each of the individual component units may be obtained at the Bedford Township office.

**B - Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally 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 revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected 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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

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

Bedford Township property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in Bedford Township as of the preceding December 31st. Although Bedford Township's 2012 ad valorem tax is levied and collectible on December 1, 2012, it is Bedford Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means Collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (within 60 days). The 2011 taxable valuation of Bedford Township totaled \$975.8 million, on which advalorem taxes levied consisted of .7918 mills for Bedford Township's operating purposes, .898 mills for fire protection, .7185 mills for library improvements and operations, .2464 mills for bus transportation, and .400 mills for law enforcement. The taxes generated are recognized in the respective General, Special Revenue and Debt Service Fund financial statements as taxes receivable - current or as tax revenue.

The government reports the following major governmental funds:

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

The Fire Fund accounts for tax and assessment revenues specifically dedicated to fire protection.

The Water Fund accounts for tap and assessment revenues, water system construction, and related debt service.

The Greenhills Debt Fund accounts for assessment revenue and related debt service for a road project.

The Enchanted Forest Fund accounts for assessment revenue and related debt service for a road project.

The government reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection and treatment system.

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Additionally, the government reports the following fund types:

The Pension Trust Fund accounts for the activities of the township employees retirement system which accumulates resources for pension benefit payments to qualified employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (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 revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes tap fees as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

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

**D. Assets, Liabilities, and Net Assets or Equity**

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds". Any residual balances out standing between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Inventories and Prepaid Items --Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets-- The bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of Bedford Township's water and sewer lines.

Capital Assets --Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment is depreciated using the straight-line method over the following useful lives:

|                                   |                |
|-----------------------------------|----------------|
| Buildings                         | 50 years       |
| Improvements Other than Buildings | 5 to 20 years  |
| Machinery and Equipment           | 3 to 15 years  |
| Water and Sewer Lines             | 30 to 50 years |
| Infrastructure                    | 20 to 50 years |

Compensated Absences (Vacation and Sick Leave) --It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation and sick leave pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Long-Term Obligations --In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources -- In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then.

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

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Equity -- In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extend of which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

*Nonspendable Fund Balance* - amounts that are not in a spendable form or legally or contractually required to maintain intact.

*Restricted Fund Balance* - amounts constrained to specific purposes by their providers or imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* - amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Assigned Fund Balance* - Intent to spend resources on specific purposes expressed by the governing body or official to which the governing body has delegated the authority to assign amounts.

*Unassigned Fund Balance* - amounts that are available for any purpose. Amounts remaining after all funds have been allocated based on the above classifications. Positive amounts are reported only in the general fund.

Comparative Data/Reclassifications --Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Use of Estimates -- Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**NOTE 2--RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this \$4,432,900 are as follows:

|   |                       |
|---|-----------------------|
| Bonds payable   | \$ (4,232,350)        |
| Accrued interest payable  | (20,643)              |
| Net OPEB Obligation   | (124,475)             |
| Compensated absences  | <u>(55,432)</u>       |
| Net adjustment to reduce <i>fund balance - total governmental funds</i><br>to arrive at <i>net assets - governmental activities</i> | <u>\$ (4,432,900)</u> |

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

**NOTE 2--RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures; however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$692,071 are as follows:

|                |                     |
|----------------|---------------------|
| Capital outlay | \$ 52,596           |
| Depreciation   | <u>(744,667)</u>    |
|                | <u>\$ (692,071)</u> |

Another element of this reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$23,102 are as follows:

|                      |                  |
|----------------------|------------------|
| Compensated Absences | \$ 20,479        |
| Accrued interest     | <u>2,623</u>     |
|                      | <u>\$ 23,102</u> |

**NOTE 3--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and all special revenue funds. All annual appropriations lapse at fiscal year end. On or before the 1st day of April the Supervisor shall prepare and submit to the Township Board a recommended budget within the tax limit and other revenue sources of the Township covering the next fiscal year. A public hearing on the budget shall be held before its final adoption. On or before the end of the fiscal year, the Township Board shall adopt a budget for the ensuing fiscal year. The budget document presents information by fund, function, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level. (i.e., The level at which expenditures may not legally exceed appropriations). The Supervisor is authorized to transfer budgeted amounts between line-items within an activity category; however, any revisions that alter the total expenditures of any activity must be approved by the Township Board.

Amounts encumbered for purchase orders, contracts, etc ., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds--During the year, Bedford Township incurred one expenditure in excess of the amounts appropriated.

| <u>Budget Item</u>  | <u>Actual Expenditure</u> | <u>Budget Appropriation</u> |
|---------------------|---------------------------|-----------------------------|
| Transit System Fund | \$ 269,390                | \$ 265,000                  |

Fund Deficits--The Local Governmental Unit has one accumulated fund balance/retained earning deficits. Management believes this deficit will be eliminated over time as cemetery lots are sold and services rendered.

|                         |                   |               |
|-------------------------|-------------------|---------------|
| Cemetery Operating Fund | <u>\$ 480,778</u> | (See Note 22) |
|-------------------------|-------------------|---------------|

**NOTE 4--DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in 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 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 as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

**NOTE 4--DEPOSITS AND INVESTMENTS (Continued)**

The Local Governmental Unit Board has designated banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits were reported in the basic financial statements in the following categories:

| <u>Primary Government</u> | <u>Governmental<br/>Activities</u>              | <u>Business-Type<br/>Activities</u>           | <u>Fiduciary<br/>Funds</u> | <u>Total</u>            | <u>Bank<br/>Balance</u>                      |
|---------------------------|---|---|----------------------------|-------------------------|--|
| Cash and Cash Equivalents | \$ 9,225,249                                    | \$ 1,975,248                                  | \$ -                       | \$ 11,200,497           | \$ 11,197,164                                |
| Restricted Cash           | -   | 6,439,168                                     | -                          | 6,439,168               | 6,439,168                                    |
| Total                     | <u>\$ 9,225,249</u>                             | <u>\$ 8,414,416</u>                           | <u>\$ -</u>                | <u>\$ 17,639,665</u>    | <u>\$ 17,636,332</u>                         |
|                           |   |   |                            |                         | <u>Federal Depository Insurance Coverage</u> |
|                           |   |   |                            |                         | <u>\$ 500,000</u>                            |
| <br>                      |   |   |                            |                         |  |
| <u>Component Units</u>    | <u>Economic<br/>Development<br/>Corporation</u> | <u>Downtown<br/>Development<br/>Authority</u> | <u>Total</u>               | <u>Bank<br/>Balance</u> |  |
| Cash and Cash Equivalents | <u>\$ 42,803</u>                                | <u>\$ 914,686</u>                             | <u>\$ 957,489</u>          | <u>\$ 957,489</u>       |  |
|                           |   |   |                            |                         | <u>Federal Depository Insurance Coverage</u> |
|                           |   |   |                            |                         | <u>\$ 292,803</u>                            |

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township evaluates each financial institution and assesses the risk level of each one, those with adequate risk levels are used for deposits. The Township has no policy for this risk.

**Custodial Credit Risk of Investments**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not recover the value of its investments or collateral securities that are in the custody of an outside party. The Township has investments in mutual funds in the amount of \$1,174,585 which are uninsured, unregistered, and held by counterparties for the particular securities. The Township has no policy for this risk.

**Interest Rate Risk**

Interest rate risk is the risk that the value on investments will decrease as a result of a rise in interest rates. The Township has no policy for this risk. The Township has no policy with respect to investment maturities.

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating originations. The Township follows the state guidelines and has no investments in this category. The Township has no policy for this risk.

**NOTE 5--RECEIVABLES**

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

|                                       | <u>General<br/>Fund</u> | <u>Sewer<br/>Fund</u> | <u>Water<br/>Fund</u> | <u>Greenhills Debt<br/>Fund</u> | <u>Enchanted<br/>Forest</u> | <u>Nonmajor<br/>Funds</u> | <u>Total</u>        |
|---------------------------------------|-------------------------|-----------------------|-----------------------|---------------------------------|-----------------------------|---------------------------|---------------------|
| Accounts                              | \$ 164,298              | \$ 1,305,068          | \$ -                  | \$ -                            | \$ -                        | \$ -                      | \$ 1,469,366        |
| Special Assessments                   | -                       | 228,481               | 47,871                | 712,285                         | 850,962                     | 608,173                   | 2,447,772           |
| Tap-Ins                               | -                       | -                     | -                     | -                               | -                           | -                         | -                   |
| Grants and Loans                      | -                       | -                     | -                     | -                               | -                           | 97,758                    | 97,758              |
| Gross Receivables                     | <u>164,298</u>          | <u>1,533,549</u>      | <u>47,871</u>         | <u>712,285</u>                  | <u>850,962</u>              | <u>705,931</u>            | <u>4,014,896</u>    |
| Less: Allowance for<br>Uncollectibles | <u>-</u>                | <u>-</u>              | <u>-</u>              | <u>-</u>                        | <u>-</u>                    | <u>-</u>                  | <u>-</u>            |
| Net Receivables                       | <u>\$ 164,298</u>       | <u>\$ 1,533,549</u>   | <u>\$ 47,871</u>      | <u>\$ 712,285</u>               | <u>\$ 850,962</u>           | <u>\$ 705,931</u>         | <u>\$ 4,014,896</u> |

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

|                     | <u>Unavailable</u>  |
|---------------------|---------------------|
| Loans and Grants    | \$ 97,758           |
| Special Assessments | <u>2,219,291</u>    |
| Total               | <u>\$ 2,317,049</u> |

**NOTE 6--BUDGETARY DIFFERENCE**

The Township's Park Fund is maintained for accounting purposes but does not qualify to be reported as a separate special revenue fund. The Park Fund has been rolled into the General Fund which has caused a budgetary difference as stated below:

|  | <u>Fund Balance<br/>Ending</u> | <u>Net Change in<br/>Fund Balances</u> |
|--|--------------------------------|--|
| General Fund Schedule of Revenue and Expenditures - Budget       | \$ 3,345,690                   | \$ 404,966                             |
| Statement of Revenues, Expenditures and Changes in Fund Balances | <u>3,431,845</u>               | <u>407,533</u>                         |
| Park Fund  | <u>\$ (86,155)</u>             | <u>\$ (2,567)</u>                      |



**NOTE 7--CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

| <b><u>Primary Government</u></b>       | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>   | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|--------------------|---------------------------|
| <b><u>Governmental Activities</u></b>  |                              |                     |                    |                           |
| Capital Assets Not Being Depreciated : |                              |                     |                    |                           |
| Land                                   | \$ 532,035                   | \$ -                | \$ -               | \$ 532,035                |
| Construction in Progress               | -                            | -                   | -                  | -                         |
| Subtotal                               | <u>532,035</u>               | <u>-</u>            | <u>-</u>           | <u>532,035</u>            |
| Capital Assets Being Depreciated :     |                              |                     |                    |                           |
| Buildings                              | 10,843,564                   | -                   | -                  | 10,843,564                |
| Improvements Other Than Buildings      | 1,090,489                    | -                   | -                  | 1,090,489                 |
| Infrastructure                         | 3,331,230                    | -                   | -                  | 3,331,230                 |
| Machinery and Equipment                | 6,710,774                    | 52,596              | (1,395,295)        | 5,368,075                 |
| Subtotal                               | <u>21,976,057</u>            | <u>52,596</u>       | <u>(1,395,295)</u> | <u>20,633,358</u>         |
| Less Accumulated Depreciation for :    |                              |                     |                    |                           |
| Buildings                              | 3,093,918                    | 331,928             | -                  | 3,425,846                 |
| Improvements Other Than Buildings      | 157,805                      | 79,167              | -                  | 236,972                   |
| Infrastructure                         | 706,463                      | 78,879              | -                  | 785,342                   |
| Machinery and Equipment                | 5,422,476                    | 254,693             | (1,379,278)        | 4,297,891                 |
| Subtotal                               | <u>9,380,662</u>             | <u>744,667</u>      | <u>(1,379,278)</u> | <u>8,746,051</u>          |
| Net Capital Assets Being Depreciated   | <u>12,595,395</u>            | <u>(692,071)</u>    | <u>(16,017)</u>    | <u>11,887,307</u>         |
| Governmental Activities Total          |                              |                     |                    |                           |
| Capital Assets--Net of Depreciation    | <u>\$ 13,127,430</u>         | <u>\$ (692,071)</u> | <u>\$ (16,017)</u> | <u>\$ 12,419,342</u>      |
| <b><u>Business-Type Activities</u></b> |                              |                     |                    |                           |
| Capital Assets Not Being Depreciated : |                              |                     |                    |                           |
| Land                                   | \$ 40,000                    | \$ -                | \$ -               | \$ 40,000                 |
| Construction in Progress               | 4,441,658                    | 411,973             | -                  | 4,853,631                 |
| Subtotal                               | <u>4,481,658</u>             | <u>411,973</u>      | <u>-</u>           | <u>4,893,631</u>          |
| Capital Assets Being Depreciated :     |                              |                     |                    |                           |
| Buildings and System                   | 36,355,693                   | -                   | -                  | 36,355,693                |
| Machinery and Equipment                | 673,439                      | -                   | -                  | 673,439                   |
| Subtotal                               | <u>37,029,132</u>            | <u>-</u>            | <u>-</u>           | <u>37,029,132</u>         |
| Less Accumulated Depreciation for :    |                              |                     |                    |                           |
| Buildings and System                   | 19,789,710                   | 727,114             | -                  | 20,516,824                |
| Machinery and Equipment                | 526,318                      | 21,390              | -                  | 547,708                   |
| Subtotal                               | <u>20,316,028</u>            | <u>748,504</u>      | <u>-</u>           | <u>21,064,532</u>         |
| Net Capital Assets Being Depreciated   | <u>16,713,104</u>            | <u>(748,504)</u>    | <u>-</u>           | <u>15,964,600</u>         |
| Business-Type Activities Total         |                              |                     |                    |                           |
| Capital Assets--Net of Depreciation    | <u>\$ 21,194,762</u>         | <u>\$ (336,531)</u> | <u>\$ -</u>        | <u>\$ 20,858,231</u>      |

Depreciation expense was charged to programs of the primary government as follows:

|                                       |                   |  |                   |
|---------------------------------------|-------------------|--|-------------------|
| <b><u>Governmental Activities</u></b> |                   | <b><u>Business-Type Activities</u></b> |                   |
| General Government                    | \$ 158,965        | Sewer                                  | <u>\$ 748,504</u> |
| Public Safety                         | 197,905           |  |                   |
| Public Works                          | 75,193            |  |                   |
| Recreation and Culture                | 312,604           |  |                   |
| Total Governmental Activities         | <u>\$ 744,667</u> |  |                   |

**NOTE 7--CAPITAL ASSETS (Continued)**

**Construction Commitments**

The Township has no construction contract commitments at June 30, 2013.

**Discretely Presented Component Units**

Capital asset activity of the Economic Development Corporation for the current year was as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Capital Assets Being Depreciated :                       |                              |                  |                  |                           |
| Improvements Other Than Buildings                        | \$ 5,200                     | \$ -             | \$ -             | \$ 5,200                  |
| Less Accumulated Depreciation for :                      |                              |                  |                  |                           |
| Improvements Other Than Buildings                        | <u>5,200</u>                 | <u>-</u>         | <u>-</u>         | <u>5,200</u>              |
| Economic Development Corporation<br>Capital Assets - Net | <u>\$ -</u>                  | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>               |

Capital asset activity of the Downtown Development Authority for the current year was as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>   | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| Capital Assets Not Being Depreciated :                 |                              |                    |                  |                           |
| Construction in Progress                               | \$ -                         | \$ -               | \$ -             | \$ -                      |
| Capital Assets Being Depreciated :                     |                              |                    |                  |                           |
| Infrastructure   | 32,672                       | -                  | -                | 32,672                    |
| Improvements Other than Buildings                      | 371,356                      | -                  | -                | 371,356                   |
| Less Accumulated Depreciation for :                    |                              |                    |                  |                           |
| Infrastructure   | <u>115,710</u>               | <u>40,403</u>      | <u>-</u>         | <u>156,113</u>            |
| Downtown Development Authority<br>Capital Assets - Net | <u>\$ 288,318</u>            | <u>\$ (40,403)</u> | <u>\$ -</u>      | <u>\$ 247,915</u>         |

**NOTE 8--INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances is as follows:

*Due To/From Other Funds*

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u>     |
|------------------------|---------------------|-------------------|
| General                | Sewer               | \$ 2,442          |
| General                | Cemetery            | 78,853            |
| General                | Fire                | 45                |
| General                | Library             | 17                |
| Sewer                  | Water               | 9,600             |
| Sewer                  | Cemetery            | <u>520,042</u>    |
| Total                  |                     | <u>\$ 610,999</u> |

*Interfund Transfers*

The Township had no interfund transfers for the year.

**NOTE 9--LEASES**

Bedford Township had no lease obligations at June 30, 2013.

**NOTE 10--LONG-TERM DEBT**

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

|  | <i>Interest<br/>Rate</i> | <i>Principal<br/>Matures</i> | <i>Beginning<br/>Balance</i> | <i>Additions<br/>(Reductions)</i> | <i>Ending<br/>Balance</i> | <i>Due Within<br/>One Year</i> |
|--|--------------------------|------------------------------|------------------------------|-----------------------------------|---------------------------|--------------------------------|
| <b><i>Governmental Activities</i></b>  |                          |                              |                              |                                   |                           |                                |
| County Contractual Obligations         |                          |                              |                              |                                   |                           |                                |
| Road Bonds-2002                        | 2.75-4.0%                | 2012-13                      | \$ 100,000                   | \$ (100,000)                      | \$ -                      | \$ -                           |
| Road Bonds-2005                        | 4.50%                    | 2017-18                      | 211,250                      | (33,800)                          | 177,450                   | 33,800                         |
| Limited Tax General Obligation         |                          |                              |                              |                                   |                           |                                |
| Township Hall                          | 3.5-4.2%                 | 2026-27                      | 1,595,000                    | (80,000)                          | 1,515,000                 | 85,000                         |
| Road Bonds-2006                        | 4.00%                    | 2021-22                      | 1,185,000                    | (135,000)                         | 1,050,000                 | 130,000                        |
| Roads-Water-2008                       | 4.0-4.5%                 | 2021-22                      | 350,000                      | (35,000)                          | 315,000                   | 35,000                         |
| Roads Bonds 2013                       | 2.0-2.5%                 | 2026-27                      | -                            | 1,175,000                         | 1,175,000                 | 80,000                         |
| Total Governmental Activities          |                          |                              | <u>\$ 3,441,250</u>          | <u>\$ 791,200</u>                 | <u>\$ 4,232,450</u>       | <u>\$ 363,800</u>              |
| <b><i>Business-Type Activities</i></b> |                          |                              |                              |                                   |                           |                                |
| County Contractual Obligations         |                          |                              |                              |                                   |                           |                                |
| Sewer System                           | 2.00%                    | 2012-13                      | \$ 390,000                   | \$ (390,000)                      | \$ -                      | \$ -                           |
| Sewer System-2005                      | 3.8-4.05%                | 2020-21                      | 1,030,000                    | (75,000)                          | 955,000                   | 105,000                        |
| Sewer 2010 Series                      | 2.1-5.5%                 | 2029-30                      | 5,000,000                    | -                                 | 5,000,000                 | 215,000                        |
| Total Business-Type Activities         |                          |                              | <u>\$ 6,420,000</u>          | <u>\$ (465,000)</u>               | <u>\$ 5,955,000</u>       | <u>\$ 320,000</u>              |

Annual debt service requirements to maturity for the above obligations are as follows:

| <i>Year Ending<br/>June 30,</i> | <i>Governmental Activities</i> |                   | <i>Business-Type Activities</i> |                     |
|---------------------------------|--------------------------------|-------------------|---------------------------------|---------------------|
|                                 | <i>Principal</i>               | <i>Interest</i>   | <i>Principal</i>                | <i>Interest</i>     |
| 2014                            | \$ 363,800                     | \$ 152,969        | \$ 320,000                      | \$ 183,439          |
| 2015                            | 373,800                        | 137,346           | 330,000                         | 176,510             |
| 2016                            | 383,800                        | 124,231           | 340,000                         | 164,258             |
| 2017                            | 383,800                        | 110,670           | 345,000                         | 160,260             |
| 2018                            | 397,250                        | 96,887            | 350,000                         | 151,042             |
| 2019 and after                  | 2,330,000                      | 349,818           | 4,270,000                       | 804,982             |
| Total                           | <u>\$ 4,232,450</u>            | <u>\$ 971,921</u> | <u>\$ 5,955,000</u>             | <u>\$ 1,640,491</u> |

**NOTE 11--OTHER POST-EMPLOYMENT BENEFITS**

Plan Description - The Township has post-employment health and dental benefits provided to eligible employees, spouses, and dependents. The plan currently has 9 members, including retirees, survivors, and active members.

The Bedford Township Post-Retirement Plan is a single employer post-retirement plan administered by Bedford Township. Benefits are provided in accordance with labor contracts and policies approved by the Township Board. The plan does not issue stand-alone financial statements. Administrative costs are paid by the plan through employer contributions. The plan is established by the Bedford Township Board and can be amended at its discretion.

Funding Policy - Contributions will be made at the discretion of Bedford Township as able. There is no long-term contract for contributions to the plan and the plan has no legally required reserves.

Funding Progress - For the year ended June 30, 2011, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2011. The valuation calculates an annual required contribution, if paid on an ongoing basis, is estimated to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's estimated contribution and actual funding are presented below:

|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| Annual required contribution (recommended) | \$ 26,150                          |
| Amounts contributed (current year)         | <u>(30,661)</u>                    |
| Increase in net OPEB obligation            | (4,511)                            |
| OPEB obligation - beginning of year        | <u>128,986</u>                     |
| OPEB obligation - end of year              | <u><u>\$ 124,475</u></u>           |

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year are as follows:

|                        | <u>Year Ended<br/>June 30,<br/>2013</u> |
|------------------------|---|
| Annual OPEB costs      | \$ 26,150                               |
| Percentage contributed | 117%                                    |
| Net OPEB obligation    | \$ 124,475                              |

The funding progress of the plan as of the most recent valuation date is as follows:

|                                    |            |
|------------------------------------|------------|
| Valuation as of December 31, 2011: |            |
| Market value of assets             | \$ -       |
| Actuarial accrued liability (AAL)  | \$ 280,631 |
| Unfunded AAL (UAAL)                | \$ 280,631 |
| Funded ratio                       | 0.00%      |
| Annual covered payroll             | \$ 218,125 |
| Ratio of UAAL to covered payroll   | 128.66%    |

**NOTE 11--OTHER POST-EMPLOYMENT BENEFITS (continued)**

Actuarial methods and assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility and actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011 actuarial valuation, the alternate cost method was used. The actuarial assumptions included 4.8% discount rate, a 3.3% salary scale, and a post retirement interest rate of 7%. The alternative method allows eligible employers to apply a simplified measurement method in lieu of obtaining an actuarial valuation. This alternate calculation requires the same measurement steps that would be used in the actuarial process, but allows an organization to utilize a set of predetermined assumptions that simplify the calculations needed to determine the OPEB liability. This liability must be presented in the financial statements in the same manner as a traditional actuarial valuation.

**NOTE 12--EMPLOYEE RETIREMENT PLAN**

Defined Contribution Pension Plan

The Township provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus any investment earnings. The plan was established and may be amended by the Township Board.

Bedford Township contributes thirteen percent of base wages for each employee with the employee having an optional contribution of up to ten percent. An employee is fully vested after twenty-one months of service. An insurance company (John Hancock) administers the plan and the Township makes monthly contributions. The Township's total payroll for this year was \$1,538,684. The Township made the required contribution of \$118,875 on covered payroll of \$914,423.

All full-time employees participate in the plan.

**NOTE 13--COMPENSATED ABSENCES**

Compensated absence activity can be summarized as follows:

| <u>Fund</u>            | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u>   | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|------------------------|------------------------------|------------------|--------------------|---------------------------|--------------------------------|
| <u>Governmental</u>    |                              |                  |                    |                           |                                |
| General Fund           | \$ 69,693                    | \$ -             | \$ (15,240)        | \$ 54,453                 | \$ 3,000                       |
| Fire Fund              | 10,459                       | -                | (5,239)            | 5,220                     | 1,341                          |
|                        | <u>\$ 80,152</u>             | <u>\$ -</u>      | <u>\$ (20,479)</u> | <u>\$ 59,673</u>          | <u>\$ 4,341</u>                |
| <u>Business - Type</u> |                              |                  |                    |                           |                                |
| Sewer Fund             | \$ 14,215                    | \$ -             | \$ (7,402)         | \$ 6,813                  | \$ 300                         |

**NOTE 14--DEFERRED COMPENSATION PLAN**

The Bedford Township Board offers all Bedford Township employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans were held in trust, (custodial account or annuity contract) as described in IRC Section 457 (g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in Bedford Township's financial statements.

**NOTE 15--MONROE COUNTY JOINT POWERS WATER CONTRACTS (South County Water System)**

Bedford Township, in conjunction with three other communities, has entered into a contract with the Monroe County Drain Commission to provide a water supply and water mains for each of the communities. This is considered a joint venture without an equity interest.

Each community's liability is computed annually using assessed property valuation as a basis. Therefore, Bedford Township's liability under this contract is presently undeterminable but, at this time, is estimated to be approximately 60% of the contract amount. The South County Water System currently makes all payments of principal and interest on these contracts, but the units of government will still be liable for principal should South County Water System not be able to meet the obligation.

The Township's estimated share of assets, liabilities, and fund equity is 60%. Summary financial information as of, and for the fiscal year ended December 31, 2012 is as follows:

|                                      |                                      |
|--------------------------------------|--------------------------------------|
|                                      | <i>South County<br/>Water System</i> |
| Cash and Investments                 | \$ 9,794,910                         |
| Other Assets                         | 24,045,637                           |
| Total Assets                         | <u>33,840,547</u>                    |
| Total Liabilities                    | <u>3,639,652</u>                     |
| Total Net Position                   | <u>\$ 30,200,895</u>                 |
| Total Revenue                        | \$ 5,289,444                         |
| Total Expenses                       | <u>5,557,967</u>                     |
| Net Change in Net Position           | <u>\$ (268,523)</u>                  |
| Current Portion of Long-Term Debt    | \$ 190,000                           |
| Long-Term Debt, Less Current Portion | <u>3,232,600</u>                     |
| Total Debt                           | <u>\$ 3,422,600</u>                  |

Complete financial statements for this joint entity are in the 2012 Financial Statements of the Monroe County Drain Commission County Agency.

**NOTE 16--PENDING LITIGATION**

At present, there are no cases of litigation pending that would have a material effect on the financial statements.

**NOTE 17--RESTRICTED ASSETS**

The balances of the restricted asset (cash with fiscal agent) accounts in the proprietary fund are as follows:

|                 |                     |
|-----------------|---------------------|
| Debt Retirement | \$ 1,306            |
| Construction    | 146,370             |
| Replacement     | 3,019,464           |
| Operations      | <u>3,272,028</u>    |
|                 | <u>\$ 6,439,168</u> |

**NOTE 18--RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township purchases commercial insurance for all of these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions of insurance coverage from the prior year.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

**NOTE 19--REQUIRED SUPPLEMENTARY INFORMATION**

*Budgetary Information*--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and all special revenue funds.

**NOTE 20--CONDUIT DEBT**

The Economic Development Corporation has issued bonds in the amount of \$6,103,077 due in full in 2024. All bonds are issued in accordance with the provisions of Act No. 270 and were to be repaid solely from net revenues received from the project under contract and the bonds shall never constitute a general obligation of the Economic Development Corporation of the Township of Bedford.

**NOTE 21--BUILDING DEPARTMENT**

The Township tracks building permit fees and their related costs in the General Fund. Once the Building Department attains a positive balance, a reserve will be set up in the General Fund. The current balance of the building department is:

|  |                     |
|--|---------------------|
| Permit fees                                  | \$ 193,597          |
| Expenses                                     | <u>188,013</u>      |
| Current year balance                         | 5,584               |
| Building department deficit at June 30, 2012 | <u>(108,528)</u>    |
| Ending Building Department reserve balance   | <u>\$ (102,944)</u> |

**NOTE 22--Subsequent Events**

On July 1, 2013, the Township combined the Cemetery Fund with the General Fund. The net effect will be to reduce the General Fund's fund balance by \$480,778.

***Required Supplementary Information***



**BEDFORD TOWNSHIP**

**GENERAL FUND**

**SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE**

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2013**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|---------------------|-----------------------|---|
|  | <u>Original</u>         | <u>Final</u>        |                       |   |
| Revenues:  |                         |                     |                       |   |
| Taxes  | \$ 1,070,775            | \$ 1,070,775        | \$ 1,050,408          | \$ (20,367)   |
| Licenses and Permits   | 423,500                 | 449,100             | 556,075               | 106,975   |
| State Grants   | 2,243,600               | 2,243,600           | 2,278,209             | 34,609  |
| Charges for Services   | 26,200                  | 27,700              | 23,522                | (4,178)   |
| Fines and Forfeits   | 20,000                  | 20,000              | 21,690                | 1,690   |
| Interest   | 3,500                   | 4,000               | 6,185                 | 2,185   |
| Other  | 277,380                 | 281,080             | 316,753               | 35,673  |
| <b>Total Revenue</b>   | <b>4,064,955</b>        | <b>4,096,255</b>    | <b>4,252,842</b>      | <b>156,587</b>  |
| Expenditures:  |                         |                     |                       |   |
| Current:   |                         |                     |                       |   |
| General Government   |                         |                     |                       |   |
| Township Board   | 67,219                  | 65,819              | 63,317                | 2,502   |
| Supervisor   | 172,589                 | 177,389             | 167,802               | 9,587   |
| Elections  | 64,059                  | 77,809              | 73,261                | 4,548   |
| Finance  | 105,315                 | 93,026              | 63,987                | 29,039  |
| Clerk  | 200,991                 | 229,372             | 193,355               | 36,017  |
| Information Technology   | 117,000                 | 144,000             | 120,676               | 23,324  |
| Board of Review  | 4,300                   | 4,300               | 3,310                 | 990   |
| Treasurer  | 204,544                 | 221,094             | 199,995               | 21,099  |
| Assessing  | 211,858                 | 246,133             | 225,365               | 20,768  |
| Building and Grounds   | 406,874                 | 424,774             | 350,435               | 74,339  |
| Legal  | 60,000                  | 60,000              | 34,246                | 25,754  |
| Property - Other   | 30,250                  | 30,850              | 19,919                | 10,931  |
| Planning Commission  | 181,507                 | 180,109             | 160,182               | 19,927  |
| Board of Zoning Appeals  | 26,180                  | 26,180              | 3,299                 | 22,881  |
| Township at Large  | 31,000                  | 31,000              | 29,166                | 1,834   |
| Beautification   | 10,000                  | 10,000              | 8,440                 | 1,560   |
| Community Action   | 28,000                  | 28,000              | 24,690                | 3,310   |
| Fringe Benefits  | 47,170                  | 47,170              | 32,424                | 14,746  |
| Insurance  |                         |                     | -                     | -   |
| Senior Citizens  | 12,500                  | 12,500              | 12,500                | -   |
| <b>Total General Government</b>  | <b>1,981,356</b>        | <b>2,109,525</b>    | <b>1,786,369</b>      | <b>323,156</b>  |
| Public Safety  |                         |                     |                       |   |
| Ordinance  | 75,233                  | 81,233              | 79,466                | 1,767   |
| Building Inspection  | 212,178                 | 217,280             | 188,013               | 29,267  |
| Police   | 640,000                 | 687,500             | 630,210               | 57,290  |
| Emergency Management   | 900                     | 900                 | 173                   | 727   |
| Mosquito Control   | 2,000                   | 2,000               | -                     | 2,000   |
| <b>Total Public Safety</b>   | <b>930,311</b>          | <b>988,913</b>      | <b>897,862</b>        | <b>91,051</b>   |
| Public Works   |                         |                     |                       |   |
| Drains   | 71,500                  | 81,500              | 81,210                | 290   |
| Street Lighting  | 264,500                 | 264,500             | 218,561               | 45,939  |
| Roads  | 448,250                 | 537,250             | 503,040               | 34,210  |
| <b>Total Public Works</b>  | <b>784,250</b>          | <b>883,250</b>      | <b>802,811</b>        | <b>80,439</b>   |
| Debt Service   |                         |                     |                       |   |
| Principal  | 180,300                 | 180,300             | 180,300               | -   |
| Interest   | 67,000                  | 67,000              | 66,784                | 216   |
| <b>Total Debt Service</b>  | <b>247,300</b>          | <b>247,300</b>      | <b>247,084</b>        | <b>216</b>  |
| <b>Total Current Expenditures</b>  | <b>3,943,217</b>        | <b>4,228,988</b>    | <b>3,734,126</b>      | <b>494,862</b>  |
| Excess of Revenue Over (Under) Expenditures  | 121,738                 | (132,733)           | 518,716               | 651,449   |
| Other Financing Sources (Uses):  |                         |                     |                       |   |
| Operating Transfers to Other Funds   | (113,750)               | (113,750)           | (113,750)             | -   |
| Operating Transfers from Other Funds   | -                       | -                   | -                     | -   |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(113,750)</b>        | <b>(113,750)</b>    | <b>(113,750)</b>      | <b>-</b>  |
| Excess of Revenue & Other Financing Sources Over Expenditures & Other Financing Uses | 7,988                   | (246,483)           | 404,966               | 651,449   |
| Fund Balance - Beginning   | 2,940,724               | 2,940,724           | 2,940,724             | -   |
| <b>Fund Balance - Ending</b>   | <b>\$ 2,948,712</b>     | <b>\$ 2,694,241</b> | <b>\$ 3,345,690</b>   | <b>\$ 651,449</b>                                     |

**BEDFORD TOWNSHIP**  
**FIRE DEPARTMENT FUND**  
**SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

|  | <i>Budgeted Amounts</i> |                   | <i>Actual<br/>Amounts</i> | <i>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</i> |
|--|-------------------------|-------------------|---------------------------|---|
|  | <i>Original</i>         | <i>Final</i>      |                           |   |
| Revenue:                                       |                         |                   |                           |   |
| Property Taxes                                 | \$                      | \$                | \$ 841,896                | \$  |
| Assessments                                    |                         |                   | 118,541                   |   |
| Interest                                       |                         |                   | 615                       |   |
| Other  |                         |                   | 63,118                    |   |
| <b>Total Revenue</b>                           | <b>983,850</b>          | <b>1,038,950</b>  | <b>1,024,170</b>          | <b>(14,780)</b>   |
| Current Expenditures:                          |                         |                   |                           |   |
| Public Safety:                                 |                         |                   |                           |   |
| Wages  |                         |                   | 469,554                   |   |
| Social Security                                |                         |                   | 35,441                    |   |
| Fringe Benefits                                |                         |                   | 36,278                    |   |
| Fuel   |                         |                   | 16,132                    |   |
| Legal  |                         |                   | 2,638                     |   |
| Supplies                                       |                         |                   | 22,790                    |   |
| Contracted Services                            |                         |                   | 128,096                   |   |
| Medical  |                         |                   | 760                       |   |
| Training                                       |                         |                   | 17,430                    |   |
| Maintenance                                    |                         |                   | 80,732                    |   |
| Conferences                                    |                         |                   | 4,881                     |   |
| Insurance                                      |                         |                   | 38,492                    |   |
| Other  |                         |                   | 550                       |   |
| Utilities                                      |                         |                   | 35,527                    |   |
| Capital Outlay                                 |                         |                   | 21,592                    |   |
| <b>Total Expenditures</b>                      | <b>983,347</b>          | <b>1,059,447</b>  | <b>910,893</b>            | <b>148,554</b>  |
| Excess of Revenue Over (Under)<br>Expenditures | 503                     | (20,497)          | 113,277                   | 133,774   |
| Fund Balance, Beginning                        | 722,045                 | 722,045           | 722,045                   | -   |
| Fund Balance, Ending                           | <u>\$ 722,548</u>       | <u>\$ 701,548</u> | <u>\$ 835,322</u>         | <u>\$ 133,774</u>   |

**BEDFORD TOWNSHIP****WATER FUND****SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2013

|  | <i>Budgeted Amounts</i> |                     | <i>Actual<br/>Amounts</i> | <i>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</i> |
|--|-------------------------|---------------------|---------------------------|---|
|  | <i>Original</i>         | <i>Final</i>        |                           |   |
| Revenue:                                       |                         |                     |                           |   |
| Assessments                                    | \$                      | \$                  | \$ 34,180                 | \$  |
| Interest                                       |                         |                     | 6,959                     |   |
| Other  |                         |                     | 22,005                    |   |
| Total Revenue                                  | <u>56,000</u>           | <u>33,400</u>       | <u>63,144</u>             | <u>29,744</u>   |
| Current Expenditures:                          |                         |                     |                           |   |
| Public Works:                                  |                         |                     |                           |   |
| Board Fees                                     |                         |                     | 475                       |   |
| Other  |                         |                     | 217                       |   |
| Debt Service:                                  |                         |                     |                           |   |
| Principal                                      |                         |                     | -                         |   |
| Interest and Fiscal Charges                    |                         |                     | -                         |   |
| Total Expenditures                             | <u>17,050</u>           | <u>15,200</u>       | <u>692</u>                | <u>14,508</u>   |
| Excess of Revenue Over (Under)<br>Expenditures | 38,950                  | 18,200              | 62,452                    | 44,252  |
| Fund Balance, Beginning                        | <u>2,121,743</u>        | <u>2,121,743</u>    | <u>2,121,743</u>          | <u>-</u>  |
| Fund Balance, Ending                           | <u>\$ 2,160,693</u>     | <u>\$ 2,139,943</u> | <u>\$ 2,184,195</u>       | <u>\$ 44,252</u>  |

## ***Supplementary Information***

BEDFORD TOWNSHIP  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

|   | Special Revenue   |                       |                     |                  |                    |                      |                 | Capital<br>Projects | Debt Service        |                                  | Total<br>Nonmajor<br>Governmental<br>Funds |                     |
|---|-------------------|-----------------------|---------------------|------------------|--------------------|----------------------|-----------------|---------------------|---------------------|----------------------------------|--|---------------------|
|   | Transit<br>System | Cemetery<br>Operating | Rehabili-<br>tation | Metro<br>Act     | Law<br>Enforcement | Canterbury<br>Forest | Springbrook     | Library             | Road<br>Improvement | Fairfield Dr.<br>Debt<br>Service | Barbara Lee<br>Debt<br>Service             |                     |
| <b>Assets</b>                             |                   |                       |                     |                  |                    |                      |                 |                     |                     |                                  |  |                     |
| Cash and Cash Equivalents                 | \$ 244,871        | \$ 118,280            | \$ 38,018           | \$ 38,601        | \$ 453,776         | \$ 208,508           | \$ 1,259        | \$ 842,297          | \$ 66,675           | \$ 86,184                        | \$ 70,967                                  | \$ 2,169,436        |
| Accounts Receivable                       | -                 | -                     | -                   | -                | -                  | -                    | -               | -                   | -                   | -                                | -  | -                   |
| Loans Receivable                          | -                 | -                     | 92,557              | -                | -                  | -                    | -               | -                   | -                   | -                                | -  | 92,557              |
| Grants Receivable                         | -                 | -                     | 5,201               | -                | -                  | -                    | -               | -                   | -                   | -                                | -  | 5,201               |
| Assessments Receivable                    | -                 | -                     | -                   | -                | -                  | 256,405              | -               | -                   | -                   | 96,918                           | 254,850                                    | 608,173             |
| Prepaid Expense                           | -                 | -                     | -                   | -                | 1,561              | -                    | -               | 1,431               | -                   | -                                | -  | 2,992               |
| Due From Other Funds                      | -                 | -                     | -                   | -                | -                  | -                    | -               | -                   | -                   | -                                | -  | -                   |
| Cash With Fiscal Agent                    | -                 | -                     | -                   | -                | -                  | -                    | -               | -                   | -                   | -                                | -  | -                   |
| <b>Total Assets</b>                       | <b>\$ 244,871</b> | <b>\$ 118,280</b>     | <b>\$ 135,776</b>   | <b>\$ 38,601</b> | <b>\$ 455,337</b>  | <b>\$ 464,913</b>    | <b>\$ 1,259</b> | <b>\$ 843,728</b>   | <b>\$ 66,675</b>    | <b>\$ 183,102</b>                | <b>\$ 325,817</b>                          | <b>\$ 2,878,359</b> |
| <b>Liabilities And Fund Balance</b>       |                   |                       |                     |                  |                    |                      |                 |                     |                     |                                  |  |                     |
| <b>Liabilities:</b>                       |                   |                       |                     |                  |                    |                      |                 |                     |                     |                                  |  |                     |
| Accounts Payable                          | \$ 36,329         | \$ 163                | \$ -                | \$ -             | \$ 106,815         | \$ 161,909           | \$ -            | \$ 6,278            | \$ -                | \$ -                             | \$ -                                       | \$ 311,494          |
| Accrued Wages                             | -                 | -                     | -                   | -                | -                  | -                    | -               | -                   | -                   | -                                | -  | -                   |
| Accrued Payroll Taxes                     | -                 | -                     | -                   | -                | -                  | -                    | -               | -                   | -                   | -                                | -  | -                   |
| Due to Other Funds                        | -                 | 598,895               | -                   | -                | -                  | -                    | -               | 17                  | -                   | -                                | -  | 598,912             |
| Deferred Revenue                          | -                 | -                     | 97,758              | -                | -                  | 256,405              | -               | -                   | -                   | 96,918                           | 254,850                                    | 705,931             |
| <b>Total Liabilities</b>                  | <b>36,329</b>     | <b>599,058</b>        | <b>97,758</b>       | <b>-</b>         | <b>106,815</b>     | <b>418,314</b>       | <b>-</b>        | <b>6,295</b>        | <b>-</b>            | <b>96,918</b>                    | <b>254,850</b>                             | <b>1,616,337</b>    |
| <b>Fund Balance:</b>                      |                   |                       |                     |                  |                    |                      |                 |                     |                     |                                  |  |                     |
| Nonspendable - Prepays                    | -                 | -                     | -                   | -                | 1,561              | -                    | -               | 1,431               | -                   | -                                | -  | 2,992               |
| <b>Restricted:</b>                        |                   |                       |                     |                  |                    |                      |                 |                     |                     |                                  |  |                     |
| Transit System                            | 171,192           | -                     | -                   | -                | -                  | -                    | -               | -                   | -                   | -                                | -  | 171,192             |
| Cemetery Indigent                         | -                 | 6,558                 | -                   | -                | -                  | -                    | -               | -                   | -                   | -                                | -  | 6,558               |
| Rehabilitation                            | -                 | -                     | 38,018              | -                | -                  | -                    | -               | -                   | -                   | -                                | -  | 38,018              |
| Metro Act                                 | -                 | -                     | -                   | 38,601           | -                  | -                    | -               | -                   | -                   | -                                | -  | 38,601              |
| Law Enforcement                           | -                 | -                     | -                   | -                | 249,761            | -                    | -               | -                   | -                   | -                                | -  | 249,761             |
| Library                                   | -                 | -                     | -                   | -                | -                  | -                    | -               | 671,627             | -                   | -                                | -  | 671,627             |
| Roads                                     | -                 | -                     | -                   | -                | -                  | 18,999               | 1,259           | -                   | 66,675              | -                                | -  | 86,933              |
| Debt Service                              | -                 | -                     | -                   | -                | -                  | -                    | -               | -                   | -                   | 86,184                           | 70,967                                     | 157,151             |
| <b>Assigned:</b>                          |                   |                       |                     |                  |                    |                      |                 |                     |                     |                                  |  |                     |
| Subsequent Year's Budget                  | 37,350            | -                     | -                   | -                | 97,200             | 27,600               | -               | 164,375             | -                   | -                                | -  | 326,525             |
| Unassigned                                | -                 | (487,336)             | -                   | -                | -                  | -                    | -               | -                   | -                   | -                                | -  | (487,336)           |
| <b>Total Fund Balance</b>                 | <b>208,542</b>    | <b>(480,778)</b>      | <b>38,018</b>       | <b>38,601</b>    | <b>348,522</b>     | <b>46,599</b>        | <b>1,259</b>    | <b>837,433</b>      | <b>66,675</b>       | <b>86,184</b>                    | <b>70,967</b>                              | <b>1,262,022</b>    |
| <b>Total Liabilities and Fund Balance</b> | <b>\$ 244,871</b> | <b>\$ 118,280</b>     | <b>\$ 135,776</b>   | <b>\$ 38,601</b> | <b>\$ 455,337</b>  | <b>\$ 464,913</b>    | <b>\$ 1,259</b> | <b>\$ 843,728</b>   | <b>\$ 66,675</b>    | <b>\$ 183,102</b>                | <b>\$ 325,817</b>                          | <b>\$ 2,878,359</b> |

*BEDFORD TOWNSHIP*  
 COMBINING STATEMENT OF REVENUE, AND EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

|  | <i>Special Revenue</i> |                           |                       |                  |                        |                          |                    | <i>Capital Projects</i> | <i>Debt Service</i>     |                                   | <i>Total</i>                    |                                    |
|--|------------------------|---------------------------|-----------------------|------------------|------------------------|--------------------------|--------------------|-------------------------|-------------------------|-----------------------------------|---------------------------------|------------------------------------|
|  | <i>Transit System</i>  | <i>Cemetery Operating</i> | <i>Rehabilitation</i> | <i>Metro Act</i> | <i>Law Enforcement</i> | <i>Canterbury Forest</i> | <i>Springbrook</i> | <i>Library</i>          | <i>Road Improvement</i> | <i>Fairfield Dr. Debt Service</i> | <i>Barbara Lee Debt Service</i> | <i>Nonmajor Governmental Funds</i> |
| Revenues:  |                        |                           |                       |                  |                        |                          |                    |                         |                         |                                   |                                 |                                    |
| Taxes  | \$ 231,060             | \$ -                      | \$ -                  | \$ -             | \$ 375,419             | \$ -                     | \$ -               | \$ 562                  | \$ -                    | \$ -                              | \$ -                            | \$ 607,041                         |
| State Grants   | -                      | -                         | -                     | -                | -                      | -                        | -                  | 2,375                   | -                       | -                                 | -                               | 2,375                              |
| Licenses and Permits   | -                      | -                         | -                     | 24,919           | -                      | -                        | -                  | -                       | -                       | -                                 | -                               | 24,919                             |
| Assessments  | -                      | -                         | -                     | -                | -                      | 28,304                   | 45,000             | -                       | -                       | 28,202                            | 33,498                          | 135,004                            |
| Charges for Service  | -                      | 18,025                    | -                     | -                | -                      | -                        | -                  | -                       | -                       | -                                 | -                               | 18,025                             |
| Interest   | 263                    | 196                       | 35                    | 2                | 300                    | 204                      | -                  | 1,116                   | 80                      | 4,812                             | 14,547                          | 21,555                             |
| Other Revenue  | -                      | 14,250                    | 8,036                 | -                | -                      | -                        | -                  | 1,110                   | -                       | -                                 | -                               | 23,396                             |
| <b>Total Revenue</b>   | <b>231,323</b>         | <b>32,471</b>             | <b>8,071</b>          | <b>24,921</b>    | <b>375,719</b>         | <b>28,508</b>            | <b>45,000</b>      | <b>5,163</b>            | <b>80</b>               | <b>33,014</b>                     | <b>48,045</b>                   | <b>832,315</b>                     |
| Expenditures:  |                        |                           |                       |                  |                        |                          |                    |                         |                         |                                   |                                 |                                    |
| Current  |                        |                           |                       |                  |                        |                          |                    |                         |                         |                                   |                                 |                                    |
| General Government   | 269,390                | 18,067                    | 5,765                 | -                | -                      | -                        | -                  | -                       | -                       | -                                 | -                               | 293,222                            |
| Public Safety  | -                      | -                         | -                     | -                | 449,955                | -                        | -                  | -                       | -                       | -                                 | -                               | 449,955                            |
| Public Works   | -                      | -                         | -                     | -                | -                      | 240,409                  | 43,741             | -                       | -                       | -                                 | -                               | 284,150                            |
| Recreational and Cultural  | -                      | -                         | -                     | -                | -                      | -                        | -                  | 163,303                 | -                       | -                                 | -                               | 163,303                            |
| Capital Outlay   | -                      | -                         | -                     | 39,111           | 29,995                 | -                        | -                  | -                       | -                       | -                                 | -                               | 69,106                             |
| Debt Service   |                        |                           |                       |                  |                        |                          |                    |                         |                         |                                   |                                 |                                    |
| Principal  | -                      | -                         | -                     | -                | -                      | -                        | -                  | -                       | -                       | 33,800                            | 35,000                          | 68,800                             |
| Interest and Fiscal Charges  | -                      | -                         | -                     | -                | -                      | -                        | -                  | -                       | -                       | 7,143                             | 15,568                          | 22,711                             |
| <b>Total Expenditures</b>  | <b>269,390</b>         | <b>18,067</b>             | <b>5,765</b>          | <b>39,111</b>    | <b>479,950</b>         | <b>240,409</b>           | <b>43,741</b>      | <b>163,303</b>          | <b>-</b>                | <b>40,943</b>                     | <b>50,568</b>                   | <b>1,351,247</b>                   |
| Excess of Revenue Over (Under) Expenditures                              | (38,067)               | 14,404                    | 2,306                 | (14,190)         | (104,231)              | (211,901)                | 1,259              | (158,140)               | 80                      | (7,929)                           | (2,523)                         | (518,932)                          |
| Other Financing Sources (Uses):  |                        |                           |                       |                  |                        |                          |                    |                         |                         |                                   |                                 |                                    |
| Bond Proceeds  | -                      | -                         | -                     | -                | -                      | 258,500                  | -                  | -                       | -                       | -                                 | -                               | 258,500                            |
| Operating Transfers to Other Funds                                       | -                      | -                         | -                     | -                | -                      | -                        | -                  | -                       | -                       | -                                 | -                               | -                                  |
| Operating Transfers from Other Funds                                     | -                      | -                         | -                     | -                | -                      | -                        | -                  | -                       | -                       | -                                 | -                               | -                                  |
| <b>Total Other Financing Sources (Uses)</b>                              | <b>-</b>               | <b>-</b>                  | <b>-</b>              | <b>-</b>         | <b>-</b>               | <b>258,500</b>           | <b>-</b>           | <b>-</b>                | <b>-</b>                | <b>-</b>                          | <b>-</b>                        | <b>258,500</b>                     |
| Excess of Revenue & Other Sources Over (Under) Expenditures & Other Uses | (38,067)               | 14,404                    | 2,306                 | (14,190)         | (104,231)              | 46,599                   | 1,259              | (158,140)               | 80                      | (7,929)                           | (2,523)                         | (260,432)                          |
| Fund Balance - Beginning   | 246,609                | (495,182)                 | 35,712                | 52,791           | 452,753                | -                        | -                  | 995,573                 | 66,595                  | 94,113                            | 73,490                          | 1,522,454                          |
| Fund Balance - Ending  | \$ 208,542             | \$ (480,778)              | \$ 38,018             | \$ 38,601        | \$ 348,522             | \$ 46,599                | \$ 1,259           | \$ 837,433              | \$ 66,675               | \$ 86,184                         | \$ 70,967                       | \$ 1,262,022                       |

**BEDFORD TOWNSHIP****PARK FUND****SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2013

|   | <u>Budgeted Amounts</u> |                  | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|------------------|---------------------------|---|
|   | <u>Original</u>         | <u>Final</u>     |                           |   |
| Revenue:  |                         |                  |                           |   |
| Interest  | \$                      | \$               | \$ 137                    | \$  |
| Rental Revenue  |                         |                  | 37,010                    |   |
| Other   |                         |                  | 12,552                    |   |
| Total Revenue   | <u>44,400</u>           | <u>101,100</u>   | <u>49,699</u>             | <u>(51,401)</u>   |
| Current Expenditures:   |                         |                  |                           |   |
| Recreational and Cultural   |                         |                  |                           |   |
| Board Fees  |                         |                  | 13,545                    |   |
| Wages   |                         |                  | 10,123                    |   |
| Social Security   |                         |                  | 1,739                     |   |
| Supplies  |                         |                  | 1,061                     |   |
| Utilities   |                         |                  | 11,266                    |   |
| Insurance   |                         |                  | 4,220                     |   |
| Repairs and Maintenance   |                         |                  | 14,768                    |   |
| Recreation Commission   |                         |                  | 54,286                    |   |
| Professional Services   |                         |                  | 3,206                     |   |
| Janitorial Services   |                         |                  | 15,199                    |   |
| Capital Outlay  |                         |                  | 20,100                    |   |
| Refuse Collection   |                         |                  | 7,425                     |   |
| Other   |                         |                  | 3,944                     |   |
| Total Expenditures  | <u>163,150</u>          | <u>247,150</u>   | <u>160,882</u>            | <u>86,268</u>   |
| Excess of Revenue Over (Under) Expenditures                                     | <u>(118,750)</u>        | <u>(146,050)</u> | <u>(111,183)</u>          | <u>34,867</u>   |
| Other Financing Sources (Uses):   |                         |                  |                           |   |
| Operating Transfers In  | <u>113,750</u>          | <u>113,750</u>   | <u>113,750</u>            | <u>-</u>  |
| Excess of Revenue and Other Sources Over<br>(Under) Expenditures and Other Uses | <u>(5,000)</u>          | <u>(32,300)</u>  | <u>2,567</u>              | <u>34,867</u>   |
| Fund Balance, Beginning   | <u>83,612</u>           | <u>83,612</u>    | <u>83,612</u>             | <u>-</u>  |
| Fund Balance, Ending  | <u>\$ 78,612</u>        | <u>\$ 51,312</u> | <u>\$ 86,179</u>          | <u>\$ 34,867</u>  |

**BEDFORD TOWNSHIP****TRANSIT SYSTEM****SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2013

|   | <i>Budgeted Amounts</i> |                   | <i>Actual<br/>Amounts</i> | <i>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</i> |
|---|-------------------------|-------------------|---------------------------|---|
|   | <i>Original</i>         | <i>Final</i>      |                           |   |
| Revenue:                                    |                         |                   |                           |   |
| Property Taxes                              | \$                      | \$                | \$ 231,060                | \$  |
| Interest Income                             |                         |                   | 263                       |   |
| Total Revenue                               | <u>237,920</u>          | <u>267,920</u>    | <u>231,323</u>            | <u>(36,597)</u>   |
| Current Expenditures:                       |                         |                   |                           |   |
| General Government                          |                         |                   |                           |   |
| Contracted Services                         |                         |                   | 269,390                   |   |
| Total Expenditures                          | <u>235,000</u>          | <u>265,000</u>    | <u>269,390</u>            | <u>(4,390)</u>  |
| Excess of Revenue Over (Under) Expenditures | 2,920                   | 2,920             | (38,067)                  | (40,987)  |
| Fund Balance, Beginning                     | <u>258,237</u>          | <u>258,237</u>    | <u>246,609</u>            | <u>(11,628)</u>   |
| Fund Balance, Ending                        | <u>\$ 261,157</u>       | <u>\$ 261,157</u> | <u>\$ 208,542</u>         | <u>\$ (52,615)</u>  |



**BEDFORD TOWNSHIP****CEMETERY OPERATING****SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2013

|   | <u>Budgeted Amounts</u> |                 | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|-----------------|---------------------------|---|
|   | <u>Original</u>         | <u>Final</u>    |                           |   |
| Revenue:  |                         |                 |                           |   |
| Charges for Service   | \$                      | \$              | \$ 18,025                 | \$  |
| Other   |                         |                 | 14,250                    |   |
| Interest Revenue  |                         |                 | 196                       |   |
| Total Revenue   | <u>13,150</u>           | <u>43,050</u>   | <u>32,471</u>             | <u>(10,579)</u>   |
| Current Expenditures:   |                         |                 |                           |   |
| Public Safety:  |                         |                 |                           |   |
| Professional Fees   |                         |                 | 3,990                     |   |
| Maintenance   |                         |                 | 1,759                     |   |
| Interest  |                         |                 | 11,000                    |   |
| Other   |                         |                 | 1,318                     |   |
| Capital Outlay  |                         |                 | -                         |   |
| Total Expenditures  | <u>3,600</u>            | <u>33,500</u>   | <u>18,067</u>             | <u>15,433</u>   |
| Excess of Revenue Over (Under) Expenditures                                     | <u>9,550</u>            | <u>9,550</u>    | <u>14,404</u>             | <u>4,854</u>  |
| Other Financing Sources (Uses):   |                         |                 |                           |   |
| Operating Transfers In  | <u>-</u>                | <u>-</u>        | <u>-</u>                  | <u>-</u>  |
| Excess of Revenue and Other Sources Over<br>(Under) Expenditures and Other Uses | <u>9,550</u>            | <u>9,550</u>    | <u>14,404</u>             | <u>4,854</u>  |
| Fund Balance, Beginning   | <u>-</u>                | <u>-</u>        | <u>(495,182)</u>          | <u>495,182</u>  |
| Fund Balance, Ending  | <u>\$ 9,550</u>         | <u>\$ 9,550</u> | <u>\$ (480,778)</u>       | <u>\$ 500,036</u>   |

**BEDFORD TOWNSHIP**  
**REHABILITATION FUND**  
**SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

|   | <u>Budgeted Amounts</u> |                  | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|------------------|---------------------------|---|
|   | <u>Original</u>         | <u>Final</u>     |                           |   |
| Revenue:                                    |                         |                  |                           |   |
| Interest                                    | \$                      | \$               | \$ 35                     | \$  |
| Loan Payments                               |                         |                  | 8,036                     |   |
| Total Revenue                               | <u>11,300</u>           | <u>11,400</u>    | <u>8,071</u>              | <u>(3,329)</u>  |
| Current Expenditures:                       |                         |                  |                           |   |
| General Government:                         |                         |                  |                           |   |
| Loans Expense                               |                         |                  | 5,109                     |   |
| Board Fees                                  |                         |                  | 609                       |   |
| Social Security                             |                         |                  | 47                        |   |
| Total Expenditures                          | <u>11,300</u>           | <u>11,400</u>    | <u>5,765</u>              | <u>5,635</u>  |
| Excess of Revenue Over (Under) Expenditures | -                       | -                | 2,306                     | 2,306   |
| Fund Balance, Beginning                     | <u>29,211</u>           | <u>29,211</u>    | <u>35,712</u>             | <u>(6,501)</u>  |
| Fund Balance, Ending                        | <u>\$ 29,211</u>        | <u>\$ 29,211</u> | <u>\$ 38,018</u>          | <u>\$ (4,195)</u>   |

**BEDFORD TOWNSHIP****METRO ACT FUND****SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2013

|   | <u>Budgeted Amounts</u> |                  | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|------------------|---------------------------|---|
|   | <u>Original</u>         | <u>Final</u>     |                           |   |
| Revenue:  |                         |                  |                           |   |
| Fees  | \$                      | \$               | \$ 24,919                 | \$  |
| Interest  |                         |                  | 2                         |   |
| Total Revenue   | <u>24,025</u>           | <u>24,025</u>    | <u>24,921</u>             | <u>896</u>  |
| Current Expenditures:   |                         |                  |                           |   |
| Public Safety:  |                         |                  |                           |   |
| Other   |                         |                  | -                         | -   |
| Capital Outlay  |                         |                  | 39,111                    | -   |
| Total Expenditures  | <u>42,000</u>           | <u>42,000</u>    | <u>39,111</u>             | <u>2,889</u>  |
| Excess of Revenue Over (Under) Expenditures                                     | (17,975.00)             | (17,975)         | (14,190)                  | 3,785   |
| Other Financing Sources (Uses):   |                         |                  |                           |   |
| Operating Transfers Out   | -                       | -                | -                         | -   |
| Excess of Revenue and Other Sources Over<br>(Under) Expenditures and Other Uses | (17,975)                | (17,975)         | (14,190)                  | 3,785   |
| Fund Balance, Beginning   | <u>52,791</u>           | <u>52,791</u>    | <u>52,791</u>             | <u>-</u>  |
| Fund Balance, Ending  | <u>\$ 34,816</u>        | <u>\$ 34,816</u> | <u>\$ 38,601</u>          | <u>\$ 7,570</u>   |

**BEDFORD TOWNSHIP**  
**LAW ENFORCEMENT FUND**  
**SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

|   | <i>Budgeted Amounts</i>  |                          | <i>Actual<br/>Amounts</i> | <i>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</i> |
|---|--------------------------|--------------------------|---------------------------|---|
|   | <i>Original</i>          | <i>Final</i>             |                           |   |
| Revenue:                                    |                          |                          |                           |   |
| Property Taxes                              | \$                       | \$                       | \$ 375,419                | \$  |
| Interest                                    |                          |                          | 300                       |   |
| Total Revenue                               | <u>382,240</u>           | <u>382,240</u>           | <u>375,719</u>            | <u>(6,521)</u>  |
| Current Expenditures:                       |                          |                          |                           |   |
| Public Safety                               |                          |                          |                           |   |
| Contracted Services                         |                          |                          | 449,955                   |   |
| Capital Outlay                              |                          |                          | 29,995                    |   |
| Total Expenditures                          | <u>491,650</u>           | <u>492,650</u>           | <u>479,950</u>            | <u>12,700</u>   |
| Excess of Revenue Over (Under) Expenditures | <u>(109,410)</u>         | <u>(110,410)</u>         | <u>(104,231)</u>          | <u>6,179</u>  |
| Fund Balance, Beginning                     | <u>452,753</u>           | <u>452,753</u>           | <u>452,753</u>            | <u>-</u>  |
| Fund Balance, Ending                        | <u><u>\$ 343,343</u></u> | <u><u>\$ 342,343</u></u> | <u><u>\$ 348,522</u></u>  | <u><u>\$ 6,179</u></u>  |

**BEDFORD TOWNSHIP****LIBRARY FUND****SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2013

|   | <i>Budgeted Amounts</i> |                   | <i>Actual<br/>Amounts</i> | <i>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</i> |
|---|-------------------------|-------------------|---------------------------|---|
|   | <i>Original</i>         | <i>Final</i>      |                           |   |
| Revenue:                                    |                         |                   |                           |   |
| Property Tax                                | \$                      | \$                | \$ 562                    | \$  |
| State Grants                                |                         |                   | 2,375                     |   |
| Other                                       |                         |                   | 1,110                     |   |
| Interest                                    |                         |                   | 1,116                     |   |
| Total Revenue                               | <u>500</u>              | <u>2,600</u>      | <u>5,163</u>              | <u>2,563</u>  |
| Current Expenditures:                       |                         |                   |                           |   |
| Recreational and Cultural                   |                         |                   |                           |   |
| Board Fees                                  |                         |                   | 2,975                     |   |
| Social Security                             |                         |                   | 228                       |   |
| Office Supplies                             |                         |                   | 47                        |   |
| Operating Supplies                          |                         |                   | 4,957                     |   |
| Utilities                                   |                         |                   | 78,295                    |   |
| Insurance                                   |                         |                   | 3,754                     |   |
| Repairs and Maintenance                     |                         |                   | 41,833                    |   |
| Professional Services                       |                         |                   | 7,307                     |   |
| Water & Sewer Use Charges                   |                         |                   | 2,349                     |   |
| Capital Outlay                              |                         |                   | 18,113                    |   |
| Other                                       |                         |                   | 3,445                     |   |
| Total Expenditures                          | <u>143,375</u>          | <u>163,975</u>    | <u>163,303</u>            | <u>672</u>  |
| Excess of Revenue Over (Under) Expenditures | <u>(142,875)</u>        | <u>(161,375)</u>  | <u>(158,140)</u>          | <u>3,235</u>  |
| Fund Balance, Beginning                     | <u>995,573</u>          | <u>995,573</u>    | <u>995,573</u>            | <u>-</u>  |
| Fund Balance, Ending                        | <u>\$ 852,698</u>       | <u>\$ 834,198</u> | <u>\$ 837,433</u>         | <u>\$ 3,235</u>   |



*McGuire & McDole*  
*Certified Public Accountants*

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L. Donavon McGuire, CPA  
Mark McDole, CPA

PO Box 75  
Lambertville, MI 48144  
Tel 734-854-5044

December 10, 2013

Bedford Township Board  
PO Box H  
Temperance, MI 48182

We have audited the financial statements of the Bedford Township for the year ended June 30, 2013, and have issued our report thereon dated December 6, 2013. Professional standards require that we provide you with the following information related to our audit.

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting with management.

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Bedford 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 ended June 30, 2013. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

The disclosures in the financial statements are neutral, consistent and clear.

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

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

For purposes of this letter, professional standards define a disagreement with management as 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 the audit.

We have requested certain representations from management that are included in the management representation letter.

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 relevant facts. To our knowledge, there were no such consultations with other accountants.

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.

In planning and performing our audit of the financial statements of Bedford Township as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered Bedford Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency in controls that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected. We deem the following to be material weaknesses.

Financial Statements --The Township does not maintain personnel or procedures to prepare financial statements required by generally accepted accounting principles in the United States of America including capital assets, accruals and disclosures.

The following comments do not constitute a material weakness or significant deficiency.

Excess Expenditures – At year end the Township had expenditures in excess of adjusted budget amount. All expenditures should be within the amount appropriated.

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

Sincerely,



McGuire & McDole  
Certified Public Accountants