BLENDON TOWNSHIP

OTTAWA COUNTY, MICHIGAN

ANNUAL FINANCIAL REPORT

YEAR ENDED MARCH 31, 2005

KIEKOVER, SCHOLMA & SHUMAKER, PC
Certified Public Accountants
Zeeland, Michigan

Michigan Deptartment of Treasury
496 (2-04)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type	Local Government Name	County
☐ City ☑ Township ☐ Village ☐ Other	**Blendon Township**	**Ottawa**

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
3/31/05	**7/13/05**	**9/8/05**

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

☐ Yes ☑ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.

☐ Yes ☑ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).

☑ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).

☐ Yes ☑ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.

☐ Yes ☑ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).

☐ Yes ☑ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.

☐ Yes ☑ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).

☐ Yes ☑ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

☐ Yes ☑ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)			
Kiekover, Scholma & Shumaker, PC			
Street Address	City	State	ZIP
205 East Main Street	**Zeeland**	**MI**	**49464**
Accountant Signature		Date	
Kiekover, Scholma & Shumaker, PC		**9/8/05**	

Blendon Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended March 31, 2005

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Kiekover, Scholma & Shumaker, PC
Certified Public Accountants and Consultants

Calvin Scholma
Richard Shumaker
Kenneth Scholma
Michael Brandsen
Emil Sabolish, Jr.
David Nienhuis
Harris Kiekover

INDEPENDENT AUDITOR'S REPORT

July 13, 2005

Township Board
Blendon Township, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blendon Township, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Blendon Township, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Blendon Township, Michigan, as of March 31, 2005 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 5B, the township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of April 1, 2004.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The information listed in the foregoing table of contents under the caption "Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure" was not examined by us and, accordingly, we express no opinion on it.

Kiekover, Scholma & Shumaker, PC

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Management's Discussion and Analysis

As management of Blendon Township, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2005. We encourage readers to consider the information presented here in conjunction with the Township's financial statements that follow this section.

Financial Highlights

- The assets of Blendon Township exceeded its liabilities at the close of the most recent fiscal year by $3,786,949 (*net assets*). Of this amount, $1,827,966 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by $503,360. This is a reflected in a net decrease in capital assets of $59,003, an increase in restricted net assets of $242,341, and an increase in unrestricted net assets of $320,022.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of $2,426,890, an increase of $569,243 in comparison with the prior year. Approximately 73% of this total amount, $1,772,023, is *available for spending* at the Township's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was $1,685,382 or 329% of total general fund expenditures and transfers out.
- The Township has no long-term debt obligations.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

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

The statement of net assets presents information on all of the 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 the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township'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 state shared revenues, franchise fees, and accrued interest payable).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, community and economic development, and recreation and culture. The Township has no business-type activities.

The government-wide financial statements can be found on pages 1-2 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. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories, governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare 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. Following the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances, reconciliations are provided to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Road Millage Fund, Fire Operating Fund, and Fire Replacement Fund, which are considered to be major funds. The Township has one (1) nonmajor fund. This nonmajor fund (Inspections Fund) is a governmental fund.

The Township adopts an annual appropriated budget for its General Fund, Road Millage Fund, Fire Operating Fund, and Fire Replacement Fund. Budgetary comparison statements have been provided herein to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 3-5 of this report.

Proprietary funds. Proprietary funds are used to report *business-type activities*. The Township has no business-type activities and therefore no proprietary funds.

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 statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for the proprietary funds. The Township accounts for one type of fiduciary fund – an agency fund used to account for escrow deposits.

The basic fiduciary fund financial statement can be found on page 6 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 7-15 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting the budgetary comparisons for the Township's General Fund, Road Millage Fund, Fire Operating Fund, and Fire Replacement Fund found on pages 16-20 of this report.

Government-wide Financial Analysis

Net Assets - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Blendon Township, assets exceeded liabilities by $3,786,949 at the close of the most recent fiscal year.

Approximately 34% of the Township's net assets reflect its investment in capital assets (e.g., land, buildings, vehicles, and equipment). The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

An additional portion of the Township's net assets (17%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* ($1,827,966) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets.

Since this is the first year the Township has presented government-wide financial statements, comparisons to the prior year have not been presented. In future years, when prior year information is available, a comparative analysis of government-wide data will be included.

TABLE 1 - Blendon Township's Net Assets

	Governmental Activities
Current and other assets	$ 2,499,071
Capital assets	1,304,116
Total assets	3,803,187
Other liabilities	16,238
Net assets:	
Invested in capital assets, net of related debt	1,304,116
Restricted	654,867
Unrestricted	1,827,966
Total net assets	$ 3,786,949

Change in Net Assets – As shown in Table 2 (changes in net assets) the Township's total revenues were approximately $1,219,000 for the current year, of which 51.2% was obtained from property taxes. Charges for services accounted for another 12.6% of the total, and State shared revenues another 33.0 %. The balance of the Township's revenues was primarily derived from interest earnings and other sources. The total cost of all programs and services for the year ended December 31, 2004 was approximately $715,000. Township expenses cover a wide range of services. For the current fiscal year, about 36.9% of the Township's expenses related to general government services, 46.62% related to public safety, 11.9% related to public works, 3.5% related to community and economic development, and 1.1% related to recreation and culture.

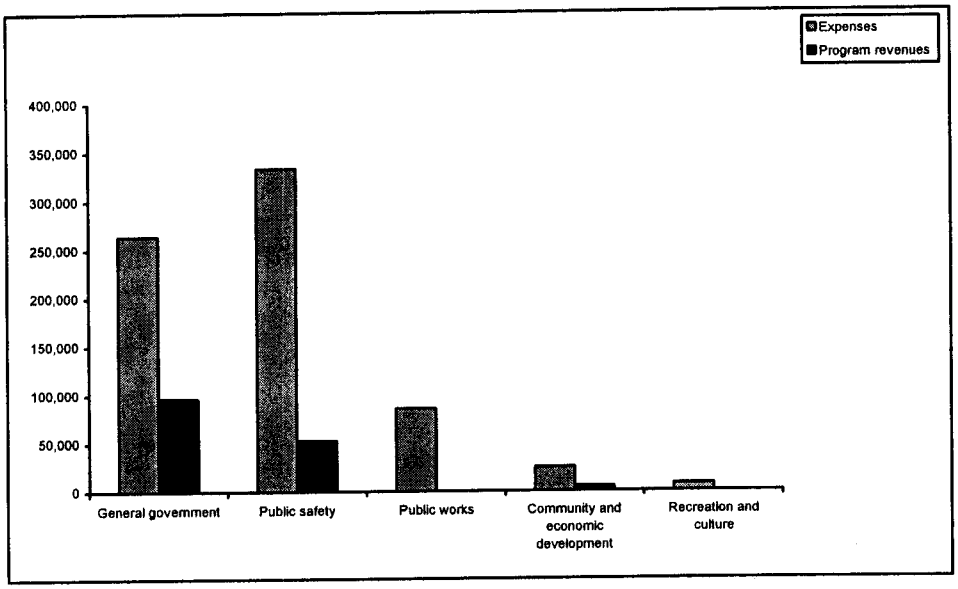
Net assets increased by $503,360 for the Township's governmental activities.

The following analysis highlights the changes in net assets for the fiscal year ended March 31, 2005.

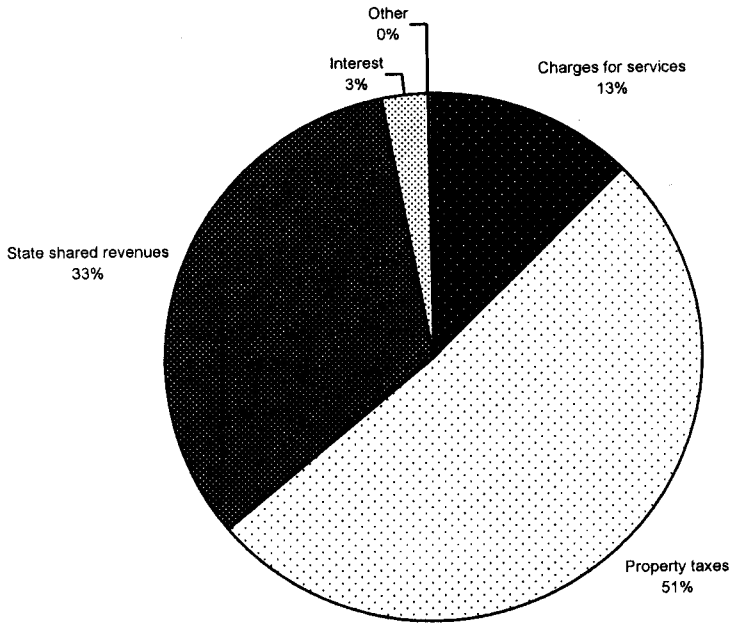
TABLE 2 - Blendon Township's Changes in Net Assets

	Governmental Activities
Program revenues	
Charges for services	$ 153,647
General revenues	
Property taxes	624,212
State shared revenues	402,557
Interest	36,166
Other	2,187
Total revenues	1,218,769
Program expenses	
General government	263,834
Public safety	333,564
Public works	85,544
Community and economic development	24,874
Recreation and culture	7,593
Total expenses	715,409
Change in Net Assets	$ 503,360

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Financial Analysis of the Township's Funds

Governmental Funds - Our analysis of the Township's major funds begins on page 3, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, grants, contributions or capital projects. The Township's major funds for 2005 consist of the General Fund, Road Millage Fund, Fire Operating Fund, and Fire Replacement Fund.

The General Fund is the main operating fund of the Township. Total General Fund revenues and other financing sources for fiscal year 2004 increased by $72,785 or 9.2%. Property tax revenues increased by $55,898 or 36.2%. State shared revenues decreased by $4,750 or 1.2%. All other General Fund revenue sources decreased by $33,335.

General Fund expenditures decreased in fiscal 2005 by $78,202 or 16.4%. The most significant changes occurred in the categories of General Government, which increased due to higher costs for wages, and Public Works, which decreased due to significant decreases in expenditures for highways, streets, and bridges.

The March 31, 2005 fund balance of the general fund is $1,685,382 which is all unreserved. This is an increase of $354,285 from the prior year. The $1,685,382 unreserved fund balance is approximately 329% of fiscal 2005 expenditures and operating transfers to other funds which amounted to $512,319.

The Road Millage Fund is used to account for special taxes levied and other revenues restricted for road construction and improvements. Total Road Millage Fund revenues, consisting mainly of property taxes, increased by $10,618, or 4.8%, to $231,331. During the year the Road Millage Fund had only $420 in expenditures compared to $211,830 in the prior year because of the lack of any road paving or improvement projects in the current fiscal year. The March 31, 2005 fund balance of the Road Millage Fund is $452,304, an increase of $230,911 from the prior year.

The Fire Operating Fund is used to account for special taxes levied and other revenues restricted for fire department operating and related expenditures. Total Fire Operating Fund revenues, consisting mainly of property taxes, decreased by $4,401, or 5.3%, to $78,279. There were also $115,000 of transfers in from the General Fund during the year compared to $122,500 in the prior year. Fire Operating Fund expenditures for the fiscal year were $220,662, an increase of $46,068, or 26.4%, compared to the prior year. The largest increase was for fire department salaries. The March 31, 2005 fund balance of the Fire Operating Fund is $86,641, a decrease of $27,383 from the prior year.

The Fire Replacement Fund is used to account for special taxes levied and other revenues restricted for the purchase of new fire department equipment. Total Fire Replacement Fund revenues, consisting mainly of property taxes, increased by $6,531, or 4.3%, to $153,348. Fire Replacement Fund expenditures for the fiscal year were only $673 compared to $42,689 in the prior year. During the year the Fire Replacement Fund transfers $146,000 to the General Fund to reimburse it for prior years purchases of fire equipment. The March 31, 2005 fund balance of the Fire Replacement Fund is $153,712, an increase of $6,675 from the prior year.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. Budgeted revenues were increased to more accurately reflect expected State shared revenues. Budgeted expenditure amounts remained relatively consistent from the original to the final amended budget, with an increase in budgeted payroll tax expenses of approximately $18,000 to accurately reflect expected payroll tax expenditures. Township operational departments generally stayed within budgeted

amounts, resulting in total expenditures $170,237 below the final budget. The General Fund's fund balance increased by $354,285 compared to a budgeted increase of $27,404.

Capital Assets and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of March 31, 2005, amounted to $1,304,116 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and roads and sidewalks. The total decrease in the Township's investment in capital assets for the current fiscal year was $59,003 (4.3%).

During the fiscal year the Township had $18,281 of capital expenditures.

Additional information on the Township's capital assets can be found in note 3C on page 13 of this report.

Blendon Township's Capital Assets
(net of depreciation)

	Governmental Activities
Land	$ 21,636
Buildings and improvements	462,087
Land improvements	18,648
Machinery, equipment,vehicles	801,795
Infrastructure	-
Total	$ 1,304,166

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

Economic Factors and Next Year's Budgets and Rates

The Township's budget for fiscal year ended March 31, 2006 calls for a slight increase in the overall property tax rate from 3.8830 mills to 3.9826 mills. The slight increase is in the millage for road improvements and for fire operations. The operating portion of the Township's millage has remained unchanged at .9826 mills.

The Township continues to be challenged by a reduction in State Shared Revenues. For the fiscal year ended March 31, 2006 budget, the Township appropriated $117,168 of its unreserved fund balance to avoid the need to raise taxes.

Requests for Information

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions regarding this report or need additional information, we welcome you to contact the Township Supervisor's office.

Basic
Financial Statements

Blendon Township, Michigan
STATEMENT OF NET ASSETS
March 31, 2005

	Governmental Activities
ASSETS	
Cash and investments	$ 2,268,528
Receivables:	
Taxes	31,683
Accounts	14,250
Special assessments	18,985
Due from other governments	165,625
Capital assets	1,304,116
Total Assets	3,803,187
LIABILITIES	
Accounts payable	9,309
Accrued payroll	6,929
Total Liabilities	16,238
NET ASSETS	
Invested in capital assets, net of related debt	1,304,116
Restricted for:	
Roads	452,304
Fire equipment	153,712
Construction code activities	48,851
Unrestricted	1,827,966
Total Net assets	$ 3,786,949

See Notes to Financial Statements

Blendon Township, Michigan
STATEMENT OF ACTIVITIES
Year Ended March 31, 2005

Function/Programs:	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Assets Governmental Activities
Primary Government:			
Governmental Activities:			
General government	$ 263,834	$ 96,332	$ (167,502)
Public safety	333,564	52,482	(281,082)
Public works	85,544	-	(85,544)
Community and economic development	24,874	4,833	(20,041)
Recreation and culture	7,593	-	(7,593)
Total Governmental Activities	$ 715,409	$ 153,647	(561,762)

General revenues:	
Property taxes	624,212
State shared revenues	402,557
Interest	36,166
Other	2,187
Total General Revenues	1,065,122
Change in Net Assets	503,360
Net Assets - Beginning	3,283,589
Net Assets - Ending	$ 3,786,949

See Notes to Financial Statements

Blendon Township, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2005

	General Fund	Road Millage Fund	Fire Operating Fund	Fire Equipment Fund	Other Governmental Fund Inspections Fund	Total Governmental Funds
ASSETS						
Cash and investments	$ 1,558,326	$ 441,263	$ 73,387	$ 146,606	$ 48,946	$ 2,268,528
Receivables:						
Taxes	9,602	11,041	3,680	7,360	-	31,683
Accounts	8,250	-	-	-	-	8,250
Special assessments	18,985	-	-	-	-	18,985
Due from other funds	-	-	14,616	-	529	15,145
Due from other governments	134,667	-	-	-	-	134,667
Total Assets	$ 1,729,830	$ 452,304	$ 91,683	$ 153,966	$ 49,475	$ 2,477,258
LIABILITIES						
Accounts payable	$ 7,125	$ -	$ 1,306	$ 254	$ 624	$ 9,309
Accrued payroll	3,193	-	3,736	-	-	6,929
Due to other funds	15,145	-	-	-	-	15,145
Deferred revenue	18,985	-	-	-	-	18,985
Total Liabilities	44,448	-	5,042	254	624	50,368
FUND BALANCES						
Reserved for:						
Roads	-	452,304	-	-	-	452,304
Fire equipment	-	-	-	153,712	-	153,712
Construction code activities	-	-	-	-	48,851	48,851
Unreserved-reported in:						
General Fund	1,685,382	-	-	-	-	1,685,382
Special Revenue Funds	-	-	86,641	-	-	86,641
Total Fund Balances	1,685,382	452,304	86,641	153,712	48,851	2,426,890
Total Liabilities and Fund Balances	$ 1,729,830	$ 452,304	$ 91,683	$ 153,966	$ 49,475	

Amount reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
General capital assets	1,304,116
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures	30,958
Cable franchise fees receivable are not considered available to pay for current year expenditures	6,000
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures	18,985
Net Assets of Governmental Activities	$ 3,786,949

See Notes to Financial Statements

Blendon Township, Michigan
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2005

	General Fund	Road Millage Fund	Fire Operating Fund	Fire Replacement Fund	Other Governmental Fund Inspections Fund	Total Governmental Funds
Revenues:						
Taxes	$ 210,375	$ 229,586	$ 76,518	$ 153,036	$ -	$ 669,515
Licenses and permits	7,534	-	-	-	48,487	56,021
State shared revenues	404,977	-	-	-	-	404,977
Charges for services	18,116	-	-	-	-	18,116
Fines and forfietures	1,187	-	-	-	-	1,187
Interest and rent	39,773	1,745	856	312	370	43,056
Other	31,482	-	905	-	390	32,777
Total Revenues	713,444	231,331	78,279	153,348	49,247	1,225,649
Expenditures:						
Current:						
General government	242,121	-	-	-	-	242,121
Public safety	20,912	-	214,679	673	37,332	273,596
Public works	85,124	420	-	-	-	85,544
Community and economic development	24,874	-	-	-	-	24,874
Recreation and culture	7,593	-	-	-	-	7,593
Insurance, bonds, and fringes	16,695	-	-	-	-	16,695
Capital outlay	-	-	5,983	-	-	5,983
Total Expenditures	397,319	420	220,662	673	37,332	656,406
Excess of Revenues Over (Under) Expenditures	316,125	230,911	(142,383)	152,675	11,915	569,243
Other Financing Sources (Uses):						
Transfers in	153,160	-	115,000	-	-	268,160
Transfers out	(115,000)	-	-	(146,000)	(7,160)	(268,160)
Total Other Financing Sources (Uses)	38,160	-	115,000	(146,000)	(7,160)	-
Net Change in Fund Balances	354,285	230,911	(27,383)	6,675	4,755	569,243
Fund Balances - April 1 As Restated	1,331,097	221,393	114,024	147,037	44,096	1,857,647
Fund Balances - March 31	$ 1,685,382	$ 452,304	$ 86,641	$ 153,712	$ 48,851	$ 2,426,890

See Notes to Financial Statements

Blendon Township, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended March 31, 2005

Net change in fund balances-Total Governmental Funds	$ 569,243
Amounts reported for the governmental activities in the statement of activities are different because:	
Govenmental funds report capital outlays as expenditures; in the statement of activites these costs are allocated over their estimated useful lives as depreciation:	
Current year capital outlays capitalized - general capital assets	18,281
Current year depreciation expense on capitalized assets	(77,284)
Timing of revenue recognition differs in the statement of activities versus the funds financial statements for certain revenues that do not provide current financial resources	
State shared revenues	(2,420)
Cable franchise fees	(1,335)
Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not recorded in the funds until collected or collectible within 60 days of year end	(3,125)
Change in net assets of governmental activities	$ 503,360

See Notes to Financial Statements

Blendon Township, Michigan
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
March 31, 2005

	Agency Fund Type
	Escrow Deposit
ASSETS	
Cash and investments	$ 9,476
LIABILITIES	
Accounts payable	$ 9,476

See Notes to Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Blendon 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 Blendon Township:

A. Reporting Entity

Blendon Township is governed by an elected five-member board of trustees. The accompanying financial statements present the township and its component units, entities for which the township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Unit. The township has no blended component units.

Discretely Presented Component Unit. The township has no discretely presented component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) 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. (Blendon Township has no such business-type activities). Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. (Blendon Township has no such component units.)

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

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

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

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue, and charges for services. Other revenue is recorded when received.

The township reports the following major governmental funds:

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

Road Millage (Special Revenue) Fund - The Road Millage Fund is used to account for tax revenues levied for purposes of funding road construction and maintenance.

Fire Operating (Special Revenue) Fund - The Fire Operating Fund is used to account for tax revenues levied for the purpose of funding fire department operating and related expenditures.

Fire Replacement (Special Revenue) Fund - The Fire Replacement Fund is used to account for tax revenues levied for the purpose of purchasing new fire department equipment.

Additionally, the township reports the following fund types:

Governmental Funds

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes and for monies received from General Fund transfers for specified purposes.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds - Agency Funds account for assets held by the township in a purely custodial capacity. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve the measurement of results of operations.

As a general rule, the effect of the inter-fund activity has been eliminated from the government-wide financial statements.

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.

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

D. Assets, Liabilities, and Net Assets or Equity

1. *Bank Deposits and Investments.*

The township maintains separate cash accounts for each of its various funds.

The township's investment policies are governed by state statutes, formal board policy, and administrative procedures. Permissible investments include obligations of the U.S. Treasury and its agencies, Michigan financial institution certificates of deposits and accounts, commercial paper with prescribed ratings, U.S. government repurchase agreements, and mutual funds and investment pools consisting of any of the above. Attorney General's Opinion No. 6168 states that public funds may not be deposited in institutions located in states other than Michigan. The township's deposits are in accordance with statutory authority.

Investments are recorded at fair value.

2. *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."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts, if any.

3. *Inventories and Prepaid Items.*

Inventories do not consist of material amounts. Inventories of governmental funds are recorded as expenditures at the time of purchase. 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.

4. *Capital Assets.*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the governmental column in the government-wide financial statements. General infrastructure assets acquired prior to April 1, 2004, are not reported in the basic financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $2,500 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.

Included in capital assets are the township's investment in roads and drains within the township that are recorded as intangible assets (shared road improvements and flowage rights). Although paid for by the township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

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

Assets	Years
Buildings and improvements	20-40
Land improvements	15
Machinery and equipment	5-15
Office furniture and equipment	5-10
Vehicles	5-25
Roads and sidewalks	15-25

6. *Compensated Absences.*

It is the township's policy to permit certain employees to accumulate earned but unused sick and vacation pay benefits. If material, all vacation and sick pay is accrued in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations at year end.

7. *Fund Equity.*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Property Taxes

Property taxes are levied on each December 1 (lien date and due date) on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge through February 14. The township continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. Taxes returned to the county treasurer are subject to penalty and interest. The county's policy has been to pay the township for all delinquent real property taxes returned. The township continues to collect delinquent personal property taxes.

The township's 2004 ad valorem tax was levied and collectible on December 1, 2004, and recognized as revenue during the year ended March 31, 2005, when proceeds of this levy were budgeted and made available for the financing of operations.

The 2004 taxable equivalency valuation of the township totaled $158,903,708 ($158,757,441 ad valorem and $146,267 abated property), on which taxes levied consisted of .9826 mills for operating purposes, .4833 mills for fire operating purposes, .9668 mills for fire equipment replacement, and 1.4503 mills for road maintenance purposes. This resulted in $156,125 for operating purposes, $76,798 for fire operating purposes, $153,615 for fire equipment replacement, and $230,445 for road maintenance purposes.

The above amounts are recognized in the General Fund, Fire Operating Fund, Fire Replacement Fund, and Road Millage Fund as tax revenue.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principle generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

Before March 31, the proposed budget is presented to the Township Board for review. The Board holds public hearings and a final budget must be prepared and adopted no later than March 31. Appropriated budgets are amended from time to time throughout the course of the year by supplementary resolutions approved by the Board of Trustees. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered spent once the goods are delivered or the services rendered.

The appropriated budget is prepared by fund, function, and activity. The legal level of budgetary control adopted by the governing body is the activity level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Comparisons of actual results of operations as compared to budget for the General Fund, Road Millage Fund, Fire Operating Fund, and Fire Replacement Fund are included in the required supplemental information.

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. 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.

The governing body has designated several banks for the deposit of township funds. The investment policy adopted by the township in accordance with Public Act 196 of 1997 has authorized investment in all of the State statutory authority as listed above.

The township's deposits and investment policy are in accordance with statutory authority.

At year-end, the township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and Investments	$ 2,268,528

The breakdown between deposits and investments is as follows:

Bank Deposits (checking and savings accounts, certificates of deposit)	$ 2,268,528

The bank balance of the township's deposits is $2,278,791 of which $200,000 is covered by federal depository insurance and $2,078,791 is uninsured and uncollateralized. The township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the township evaluates each financial institution with which it deposits township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments are categorized into these three categories of credit risk:

(1) Insured or registered, or securities held by the township or its agent in the township's name.

(2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the township's name.

(3) Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the township's name.

At year end, the township's investment balances totaled $0.

B. Receivables

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

	General	Road Millage	Fire Operating	Fire Replacement	Total
Receivables:					
Taxes	$ 9,602	$ 11,041	$ 3,680	$ 7,360	$ 31,683
Accounts	8,250	-	-	-	8,250
Special assessments	18,985	-	-	-	18,985
Intergovernmental	134,667	-	-	-	134,667
Gross receivables	171,504	11,041	3,680	7,360	193,585
Allowance for uncollectibles	-	-	-	-	-
Net Total Receivables	$ 171,504	$ 11,041	$ 3,680	$ 7,360	$ 193,585

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:

	Unavailable	Unearned
Special assessments	$ 18,985	$ -

C. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital Assets Not Being Depreciated					
Land	$ 21,636	$ -	$ -	$ -	$ 21,636
Capital Assets Being Depreciated					
Building and improvements	688,174	5,983	-	-	694,157
Land improvements	35,351	-	-	-	35,351
Machinery and equipment	213,875	-	-	-	213,875
Office furniture and equipment	37,646	12,298	-	-	49,944
Vehicles	951,237	-	-	-	951,237
Subtotal	1,926,283	18,281	-	-	1,944,564
Less Accumulated Depreciation for					
Buildings and improvements	(213,163)	(18,907)	-	-	(232,070)
Land improvements	(14,346)	(2,357)	-	-	(16,703)
Machinery and equipment	(202,388)	(5,837)	-	-	(208,225)
Office furniture and equipment	(25,667)	(9,208)	-	-	(34,875)
Vehicles	(129,236)	(40,975)	-	-	(170,211)
Subtotal	(584,800)	(77,284)	-	-	(662,084)
Net Capital Assets Being Depreciated	1,341,483	(59,003)	-	-	1,282,480
Governmental Activities Total Capital Assets - Net of Depreciation	$ 1,363,119	$ (59,003)	$ -	$ -	$ 1,304,116

Depreciation expense was charged to programs of the township as follows:

Governmental Activities	
General government	$ 17,316
Public safety	59,968
Total Governmental Activities	$ 77,284

Construction Commitments-The township had no significant construction projects or commitments as of March 31, 2005.

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of March 31, 2005 is as follows:

Receivable Fund	Payable Fund	Amount
Fire Operating	General	$ 14,616
Inspections	General	529
		$ 15,145

The above amounts payable from the General Fund relate to general operating expenses paid by the Fire Operating and Inspections Funds to be repaid by the General Fund.

Interfund transfers reported in the funds statements were as follows:

	Transfers Out					
	General Fund		Fire Replacement Fund		Inspections Fund	
Transfers In:						
General Fund	$ -		$ 146,000	(1)	$ 7,160	(2)
Fire Operating Fund	115,000	(3)	-		-	
	$ 115,000		$ 146,000		$ 7,160	

The following describes the nature of significant transfers:

(1) Transfer from Fire Replacement Fund for reimbursement of fire equipment paid for by the General Fund in prior years

(2) Transfer from Inspections Fund for General Fund monies collected by Inspections Fund in prior years

(3) Transfer from General Fund for annual operating purposes

E. Restricted Assets

The township has no restricted assets at March 31, 2005.

NOTE 4. PRIOR PERIOD ADJUSTMENT

In the government fund financial statements, fund balance at April 1, 2004 has been adjusted. The adjustment resulted because state shared revenue received within 60 days of the end of the current fiscal year had not been accrued in prior years. The effect of this adjustment increased fund balance (general fund) at April 1, 2004 by $53,178. Had state shared revenue received within 60 days of the end of the current fiscal year been accrued in prior years, the change in fund balance for the year ended March 31, 2004 would have decreased by $5,043.

	Total Governmental Funds	General Fund
Fund balance at March 31, 2004 as originally reported	$ 1,804,469	$ 1,277,919
Effect of prior period adjustment	53,178	53,178
Fund balance at March 31, 2004 as restated	$ 1,857,647	$ 1,331,097

NOTE 5. OTHER INFORMATION

A. Risk Management

The township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The township has purchased full multi-peril insurance coverage underwritten by the Michigan Township Participating Plan. The township is fully insured for workers compensation claims by coverage underwritten by Accident Fund. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Township Participating Plan operates as an insurance 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.

B. Change in Accounting Policy

In the year ended March 31, 2005, the township implemented GASB Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." Statement No. 34 established new financial reporting requirements for all state and local governments and consists of the following:

Management's discussion and analysis;

Basic Financial Statements
Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, including capital and infrastructure assets
Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds and enterprise funds;
Notes to the financial statements;

Required supplementary information, which requires budgetary comparison schedules to be presented.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). The township has elected to implement the general provisions of the Statement, and to not implement the retroactive reporting of infrastructure in the current year.

Required
Supplementary Information

Blendon Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2005

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues:				
Taxes	$ 190,530	$ 235,883	$ 210,375	$ (25,508)
Licenses and permits	-	10,825	7,534	(3,291)
State shared revenues	338,352	402,220	404,977	2,757
Charges for services	19,695	20,026	18,116	(1,910)
Fines and forfietures	-	1,187	1,187	-
Interest and rent	3,500	16,090	39,773	23,683
Other	-	69,779	31,482	(38,297)
Total Revenues	552,077	756,010	713,444	(42,566)
Expenditures:				
Current:				
General Government:				
Township board	90,427	92,643	75,097	17,546
Supervisor	23,637	24,137	23,153	984
Audit	10,000	10,000	9,500	500
Elections	13,381	13,741	9,072	4,669
Assessor	32,764	32,781	29,879	2,902
Attorney	20,000	20,000	12,977	7,023
Clerk	19,899	21,271	16,124	5,147
Board of review	1,596	1,596	1,461	135
Treasurer	34,160	34,300	29,020	5,280
Building and grounds	21,002	21,342	13,357	7,985
Cemetery	30,000	31,979	22,481	9,498
Total General Government	296,866	303,790	242,121	61,669
Public Safety:				
Police services	19,459	21,109	20,912	197
Public Works:				
Drains	10,000	10,308	10,544	(236)
Highways, streets, and bridges	130,000	130,000	57,330	72,670
Sidewalks	-	-	-	-
Street lighting	9,855	9,855	8,949	906
Water system	16,000	16,000	8,301	7,699
Total Public Works	165,855	166,163	85,124	81,039

Blendon Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE - GENERAL FUND
Year Ended March 31, 2005

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Community and Economic Development:				
Planning commission	20,781	22,611	23,099	(488)
Zoning board of appeals	3,813	5,110	1,775	3,335
Total Community and Economic Development	24,594	27,721	24,874	2,847
Recreation and Culture:				
Borculo Community Center	16,877	18,577	7,593	10,984
Insurance, bonds & fringes:				
Employer FICA	-	17,996	8,191	9,805
Employee insurances	12,200	12,200	8,504	3,696
Total Insurance, Bonds, and Fringes	12,200	30,196	16,695	13,501
Total Expenditures	535,851	567,556	397,319	170,237
Excess of Revenues Over (Under) Expenditures	16,226	188,454	316,125	127,671
Other Financing Sources (Uses):				
Transfers in	-	-	153,160	153,160
Transfers out	(155,000)	(161,050)	(115,000)	46,050
Total Other Financing Sources (Uses)	(155,000)	(161,050)	38,160	199,210
Net Change in Fund Balances	(138,774)	27,404	354,285	326,881
Fund Balances - April 1 As Restated	1,331,097	1,331,097	1,331,097	-
Fund Balances - March 31	$ 1,192,323	$ 1,358,501	$ 1,685,382	$ 326,881

Blendon Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - ROAD MILLAGE FUND
Year Ended March 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	$ 219,768	$ 219,990	$ 229,586	$ 9,596
Interest	600	1,700	1,745	45
Total Revenues	220,368	221,690	231,331	9,641
Expenditures:				
Current:				
Public works:				
Highways, streets, and bridges	-	420	420	-
Total Expenditures	-	420	420	-
Net Change in Fund Balances	220,368	221,270	230,911	9,641
Fund Balances - April 1	221,393	221,393	221,393	-
Fund Balances - March 31	$ 441,761	$ 442,663	$ 452,304	$ 9,641

Blendon Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - FIRE OPERATING FUND
Year Ended March 31, 2005

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues:				
Taxes	$ 73,246	$ 73,325	$ 76,518	$ 3,193
Interest	500	1,000	856	(144)
Other	150	909	905	(4)
Total Revenues	73,896	75,234	78,279	3,045
Expenditures:				
Current:				
Public Safety:				
Salaries	97,104	125,732	123,803	1,929
Social security	7,430	13,512	9,575	3,937
Supplies	8,200	17,667	15,277	2,390
Contracted services	1,000	3,190	3,445	(255)
Membership dues	4,500	3,400	3,709	(309)
Insurance	23,000	23,000	22,710	290
Utilities	11,000	11,000	10,020	980
Telephone	3,000	4,500	3,989	511
Repairs and maintenance	12,000	20,000	18,547	1,453
Miscellaneous	16,646	5,046	3,604	1,442
Captial outlay	30,000	5,983	5,983	-
Total Expenditures	213,880	233,030	220,662	12,368
Excess of Revenues Over (Under) Expenditures	(139,984)	(157,796)	(142,383)	15,413
Other Financing Sources (Uses):				
Transfers in	115,000	121,050	115,000	(6,050)
Net Change in Fund Balances	(24,984)	(36,746)	(27,383)	9,363
Fund Balances - April 1	114,024	114,024	114,024	-
Fund Balances - March 31	$ 89,040	$ 77,278	$ 86,641	$ 9,363

Blendon Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - FIRE REPLACEMENT FUND
Year Ended March 31, 2005

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues:				
Taxes	$ 146,507	$ 146,650	$ 153,036	$ 6,386
Interest	100	375	312	(63)
Total Revenues	146,607	147,025	153,348	6,323
Expenditures:				
Current:				
Public Safety:				
Supplies	-	-	253	(253)
Contracted services	-	450	420	30
Total Expenditures	-	450	673	(223)
Excess of Revenues Over (Under) Expenditures	146,607	146,575	152,675	6,100
Other Financing Sources (Uses):				
Transfers in	-	43	-	(43)
Transfers out	(146,000)	(146,000)	(146,000)	-
Total Other Financing Sources (Uses):	(146,000)	(145,957)	(146,000)	(43)
Net Change in Fund Balances	607	618	6,675	6,057
Fund Balances - April 1	-	147,037	147,037	-
Fund Balances - March 31	$ 607	$ 147,655	$ 153,712	$ 6,057

Other Supplemental Data

SECURITIES AND EXCHANGE COMMISSION
RULE 15c2-12 CONTINUING DISCLOSURE

Blendon Township
HISTORICAL STATE EQUALIZED VALUATION
AND COMPONENTS OF STATE EQUALIZED VALUE

Historical State Equalized Valuation

Year*	Total SEV
1995	$ 95,934,300
1996	102,540,500
1997	110,812,310
1998	126,059,900
1999	143,307,800
2000	152,813,800
2001	175,426,400
2002	188,327,200
2003	204,210,300
2004	219,180,500

Components of State Equalized Value

	2004	2003	2002	2001	2000
Agricultural	$ 47,439,500	$ 44,886,900	$ 41,775,700	$ 36,148,900	$ 29,062,900
Commercial	4,181,500	4,108,600	3,235,000	2,875,500	2,202,400
Industrial	2,664,800	2,515,300	2,616,200	2,293,800	1,867,000
Residential	158,863,100	146,031,400	134,182,800	127,853,900	104,870,600
Total Real Property	213,148,900	197,542,200	181,809,700	169,172,100	138,002,900
Total Personal Property	6,031,600	6,668,100	6,517,500	6,254,300	5,304,900
Total SEV	$ 219,180,500	$ 204,210,300	$ 188,327,200	$ 175,426,400	$ 143,307,800

Components of 2004 Taxable Value

Agricultural	$ 22,659,977
Commercial	3,297,407
Industrial	1,534,025
Residential	125,242,732
Total Real Property	152,734,141
Total Personal Property	6,023,300
TOTAL TAXABLE VALUE	$ 158,757,441

* Taxes are levied December 1 and recognized as revenue in the fiscal year ending the following March 31.

Blendon Township
MAJOR TAXPAYERS AND TAX RATES

Major Taxpayers

Taxpayer	Product/Service	2004 Taxable Value	Percentage of Total 2004 Taxable Value
Consumers Energy Company	Utility	$ 2,098,111	1.32%
Semco	Utility	1,184,200	0.75%
Robert Sawyer	Residence	1,056,925	0.67%
Buist Greenhouses	Flowers	804,625	0.51%
MI Electric Trans. Co., LLC	Utility	685,400	0.43%
Kent Vande Vrede	Residence	669,409	0.42%
Dykema, Schut Development	Development	625,958	0.39%
Danco Property, LLC	Real Estate	378,594	0.24%
Honderd, LLC	Real Estate	354,000	0.22%
Wolverine Power Supply	Utility	344,789	0.22%

The above taxpayers represent 5.1616% of the total 2004 Taxable Value of the Township.

Tax Rates[1]
(Per $1,000 of Taxable Value)

Fiscal Year	2005	2004	2003	2002	2001
Blendon Township:					
Operating	0.9826	0.9894	0.9973	1.0085	1.0163
Fire Operating	0.4833	0.4867	1.4720	0.4962	0.4787
Fire Replacement	0.9668	0.9736	0.9813	0.9924	1.0000
Roads	1.4503	1.4603	1.4720	-	-
Ottawa County Operating	3.5000	3.4000	3.4000	3.5000	3.6000
Ottawa County E-911	0.4419	0.4429	0.4464	0.4493	0.4545
Ottawa County Parks	0.3174	0.3182	0.3208	0.3229	0.3245
Intermediate School District	4.2192	4.2305	4.2688	4.2854	4.2999
Hudsonville Schools [2,3]	9.0000	9.0000	9.0000	9.0000	9.0000
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
Total	27.3615	27.3016	28.3586	26.0547	26.1739

[1]Taxes levied December 1 of prior year.
[2]Two local school districts fall within the boundaries of the Township. They are Hudsonville and Zeeland School Districts. That rates shown are the highest any resident of the Township would pay.
[3]This is the rate for homesteads, the non-homestead rate is 26.00

Blendon Township
TAX COLLECTIONS

Year*	Tax Levy	Collections to March 1 Each Year	
		Amount	%
1995	231,379	213,252	92.17%
1996	247,767	227,159	91.68%
1997	275,542	255,247	92.63%
1998	287,248	273,924	95.36%
1999	308,855	287,641	93.13%
2000	331,822	312,061	94.04%
2001	539,051	501,259	92.99%
2002	565,731	532,982	94.21%
2003	630,481	596,623	94.63%
2004	661,786	628,475	94.97%

*Taxes are levied December 1 and recognized as revenue in the fiscal year ending the following March 31.

GENERAL FUND REVENUES AND EXPENDITURES
(Years Ended March 31)

	2005	2004	2003	2002	2001
Revenues	$ 713,444	$ 695,631	$ 733,634	$ 789,933	$ 685,200
Expenditures	397,319	475,521	527,200	489,484	479,413
Excess (Deficiency) of Revenues Over (Under) Expenditures	316,125	220,110	206,434	300,449	205,787
Other financing Sources (Uses):					
Operating Transfers In	153,160	98,188	10,167	15,828	-
Operating Transfers Out	(115,000)	(122,500)	(453,716)	(64,378)	-
Fund Balance, April 1	1,277,919	1,082,121	1,319,236	1,067,337	861,550
Restatement Adjustment	53,178	-	-	-	-
Fund Balance, March 31	$ 1,685,382	$ 1,277,919	$ 1,082,121	$ 1,319,236	$ 1,067,337

Blendon Township
DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

Direct Bonded Indebtedness

No direct bonded indebtedness at March 31, 2005

Overlapping Bonded Indebtedness

Municipality	Total Debt	Blendon Township's Share	
Hudsonville School District	$ 78,669,940	10.41%	$ 8,189,541
Zeeland School District	104,280,000	6.54%	6,819,912
Ottawa County	24,300,000	1.98%	481,140
Ottawa Area Intermediate School District	7,815,000	1.75%	136,763
Net Overlapping Debt			$ 15,627,355
Net Direct and Overlapping Debt			$ 15,627,355

Summary of Direct and Overlapping Debt

Population (2000 Estimate)		5,721
2004 Actual Valuation (True Cash Value)	$	158,744,377
2004 SEV	$	219,180,500
2004 Taxable Value	$	158,757,441
Per Capita SEV	$	38,312
Per Capita Taxable Value	$	27,750
Net Direct Debt	$	-
Per Capita	$	-
Ratio to 2003 Taxable Value		0.00%
Ratio to 2003 SEV		0.00%
Ratio to 2003 True Cash Value		0.00%
Net Direct and Overlapping Debt	$	15,627,355
Per Capita	$	2,731.58
Ratio to 2004 Taxable Value		9.84%
Ratio to 2004 SEV		7.13%
Ratio to 2004 True Cash Value		9.84%

The Township has never defaulted on payment of its bonded indebtedness.

Bonded Debt Limit

There is no bonded debt limit for general law townships under the State Constitution and laws.

Blendon Township
INDEBTEDNESS OUTSTANDING FOR THE LAST FIVE YEARS

Year	Debt Outstanding on March 31
2001	$ 146,945
2002	78,698
2003	40,298
2004	-
2005	-

Kiekover, Scholma & Shumaker, PC
Certified Public Accountants and Consultants

Calvin Scholma
Richard Shumaker
Kenneth Scholma
Michael Brandsen
Emil Sabolish, Jr.
David Nienhuis
Harris Kiekover

July 13, 2005

Mr. Dale Vredeveld
Supervisor
Blendon Township

In planning and performing our audit of the financial statements of Blendon Township for the year ended March 31, 2005, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted the following matters involving the internal control and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgement, could adversely affect Blendon Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

We believe the following are reportable conditions as defined above.

1. Currently, only the signature of the treasurer is required on checks written from the Township's Tax Collection Fund checking account. The treasurer is also responsible for all accounting records and transactions related to this checking account and the Tax Fund. We recommend that dual signatures be required for all Tax Fund checks (as well as for any other checking accounts the Township may maintain that do not already require such dual signatures).

2. The State of Michigan recommended budget for the general fund and special revenue funds must include for each fund:
   - Actual expenditures for the most recently completed fiscal year
   - Estimated expenditures for the current fiscal year
   - An estimate of the expenditures in the next fiscal year
   - Actual revenue for the most recently completed fiscal year
   - Estimated revenue for the current fiscal year
   - An estimate of the revenue in the next fiscal year
   - Beginning and ending fund balance for each year
   - An estimate of the amounts needed for deficiency, contingent, or emergency purposes

   Currently, the Township's budgets are not in the State of Michigan required format.

3. Cash accounts are not being reconciled in a timely manner. We recommend that the Township's bank accounts be reconciled to the general ledger balances on a monthly basis to help ensure that all receipts, disbursements, transfers, and other reconciling items are recorded on a timely basis, and to ensure the accuracy of the Township's cash balances and financial position.

4. The Township is not following procedures to ensure that tax payments are made timely and accurately. We recommend the Township follow its procedures for making tax payments to ensure that payments are made timely and accurately. This will also assist with the timely reconciliation of cash accounts.

205 East Main Street • Zeeland, Michigan 49464-0280 • Phone 616-772-4615 • Fax 616-772-9288 • E-mail cpa@ksscpa.com

5. During the performance of audit procedures, we noted that certain deposits were not recorded to the general ledger, and that certain disbursement checks (manually written checks) were not recorded to the general ledger. We recommend that all transactions be recorded to the general ledger on a timely basis to help ensure the accuracy of the Township's cash balances and financial position, and to assist with the timely reconciliation of all bank accounts to the general ledger.

Very truly yours,

Kiekover, Scholma & Shumaker, PC

Kiekover, Scholma & Shumaker, PC