



TOWNSHIP OF SOLON, KENT COUNTY, MICHIGAN

ANNUAL FINANCIAL REPORT

YEAR ENDED MARCH 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Township of Solon
Cedar Springs, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Solon (the "Township") as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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 the Township, as of March 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As stated in Note 11 to the basic financial statements, the Township adopted GASB Statement No. 87, *Leases* in 2023, which represents a change in its policy for reporting lease activities. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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's basic financial statements. The combining and individual nonmajor fund financial statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Gabridge & Company, PLC
Grand Rapids, Michigan
September 5, 2023

Management's Discussion and Analysis

Township of Solon
Management's Discussion and Analysis
March 31, 2023

As management of the Township of Solon, Michigan (The "Township" or "government") 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, 2023. We encourage readers to consider the information presented here in conjunction with the financial statements.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$4,259,508 (net position). Of this amount, \$2,422,812 represents unrestricted net position.
- During the year, the Township received \$1,568,950 in revenues and incurred \$993,103 in expenses, resulting in an increase in net position of \$575,847.
- At the close of the current fiscal year, the Township's governmental funds reported combined fund balances of \$2,576,738, an increase of \$357,282 in comparison with the previous year. A portion of this amount, \$1,834,673, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,834,673, or approximately 196.1% of annual general fund expenditures and transfers out.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying

event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., changes in net pension liability and depreciation of capital assets).

Both of the government-wide financial statements report functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Township include general government, public works, community and economic development, recreation and culture and public safety. The government-wide financial statements include not only the Township itself (known as the primary government).

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 assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains five 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, fire operating, capital project, and two nonmajor capital project funds (which are aggregated into one column).

The Township adopts an annual appropriated budget for the general fund and each special revenue fund. A budgetary comparison schedule for the general fund and each major special revenue fund has been provided.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Township's budgetary comparison schedules.

This report also presents other supplementary information consisting of combining statements for the Township's nonmajor governmental funds. These statements are presented immediately following the required supplementary information.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows exceeded liabilities by \$4,259,508 at the close of the most recent fiscal year.

Township of Solon's Net Position

	<u>2023</u>	<u>2022</u>
ASSETS		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 3,068,006	\$ 2,472,351
Taxes Receivable	12,834	12,354
Accounts Receivable	17,908	16,461
Due from State	103,937	167,064
Total Current Assets	<u>3,202,685</u>	<u>2,668,230</u>
<i>Noncurrent Assets</i>		
Capital Assets not Being Depreciated	78,349	78,349
Capital Assets Being Depreciated, net	1,604,421	1,385,856
Total Assets	<u>4,885,455</u>	<u>4,132,435</u>
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable	98,108	35,035
Accrued Liabilities	10,131	32,199
Deposits and Escrow	105,382	57,216
Unearned Revenue	412,326	324,324
Total Liabilities	<u>625,947</u>	<u>448,774</u>
NET POSITION		
Investment in Capital Assets	1,682,770	1,464,205
<i>Restricted</i>	153,926	153,190
<i>Unrestricted</i>	2,422,812	2,066,266
Total Net Position	<u>\$ 4,259,508</u>	<u>\$ 3,683,661</u>

A portion of the Township's net position \$1,682,770 reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure). The Township uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending.

A portion of the balance, \$153,926, is restricted and may not be used other than by its restricted purpose. The remaining amount of \$2,422,812 is reported as unrestricted net position and is available to pay vendors, employees, and creditors.

Governmental Activities. Governmental activities increased the Township's net position by \$575,847 when compared to the previous year.

Revenues as a whole increased by \$102,533 while expenses decreased by \$447,935.

Township of Solon's Changes in Net Position

Revenue	2023	2022
Program Revenues		
Charges for Services	\$ 192,633	\$ 395,612
Operating Grants and Contributions	10,917	10,591
Capital Grants and Contributions	233,722	-
Total Program Revenues	<u>437,272</u>	<u>406,203</u>
General Revenues		
Taxes	394,333	368,041
Unrestricted State Aid	714,132	691,546
Interest	23,213	627
Total General Revenues	<u>1,131,678</u>	<u>1,060,214</u>
Total Revenues	<u>1,568,950</u>	<u>1,466,417</u>
Expenses		
General Government	457,198	377,021
Public Works	75,415	580,949
Community and Economic Development	45,764	34,790
Public Safety	306,658	346,428
Recreation and Culture	108,068	101,850
Total Expenses	<u>993,103</u>	<u>1,441,038</u>
Change in Net Position	<u>575,847</u>	<u>25,379</u>
Net Position at the Beginning of Period	<u>3,683,661</u>	<u>3,658,282</u>
Net Position at the End of Period	<u>\$ 4,259,508</u>	<u>\$ 3,683,661</u>

The following summarizes the most significant changes in the Township's assets, liabilities, revenues, and expenses:

- Charges for services decreased \$202,979 because 2022 included \$172,500 of sales of capital assets combined with a decrease in fiscal 2023 building permits of \$84,428.

- \$233,722 of capital grant revenues were recognized during 2023 as the Township used a portion of its federal American Rescue Plan Act (“ARPA”) funds to finance the construction of the Township’s multi-purpose building.
- Tax revenues increased \$26,292 as a result of taxable values increasing by 7.8%, net of a 1.2% decrease in the millage rate levied by the Township due to the Headlee reduction.
- Road projects decreased substantially during 2023 compared to 2022, resulting in \$505,534 less public works expenses.
- Cash increased by \$595,655, which is closely related to the overall increase in net position (revenues exceeded expenses) of \$575,847 during the year.
- The receivable from the State of Michigan decreased by \$63,127 because the 2022 receivable included a one-time favorable census adjustment for the Township.
- Capital assets increased by \$218,656 as the Township purchased \$324,570 of capital assets, net of \$106,005 of depreciation expense.
- Accounts payable increased by \$63,073 as the Township incurred \$77 thousand of construction costs for the multi-purpose building as of year-end, which were paid in April 2023.
- Unearned revenue increased by \$88,002 during the year representing additional ARPA funds received by the Township, net of the \$233,722 of ARPA funds that were expended during the year.

Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the Township’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Township itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Township’s Board.

As of March 31, 2023, the Township’s governmental funds reported combined fund balances of \$2,576,738, an increase of \$357,282 over the prior year. A portion of this amount \$1,834,673 constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is: 1) restricted for particular purposes (\$153,926), 2) assigned for certain purposes (\$308,809), or 3) committed for particular purposes (\$279,330).

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,834,673. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 196.1% percent of total general fund expenditures and transfers out.

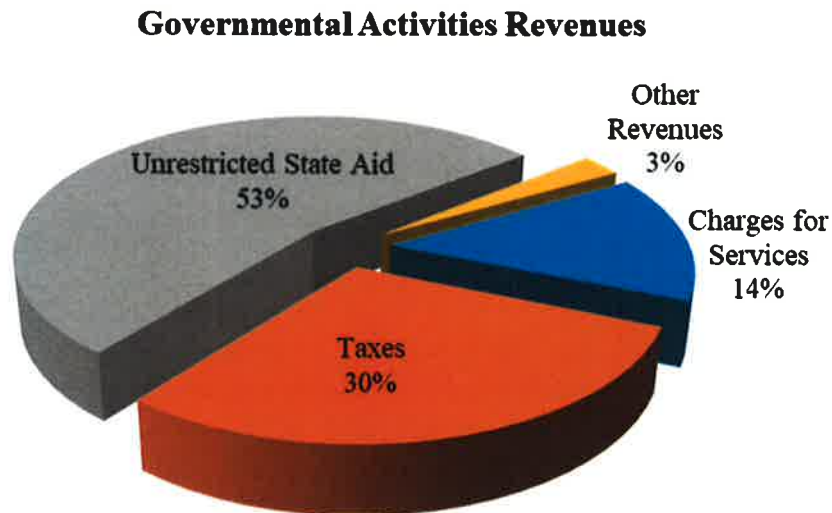
The fund balance of the Township's general fund increased by \$523,848 during the current fiscal year, largely due to the aforementioned ARPA fund revenues combined with the increases in state revenue sharing and tax revenues.

The fire operating fund ended the year with a fund balance of \$120,186, a decrease of \$2,522. This increase is comparable with prior years.

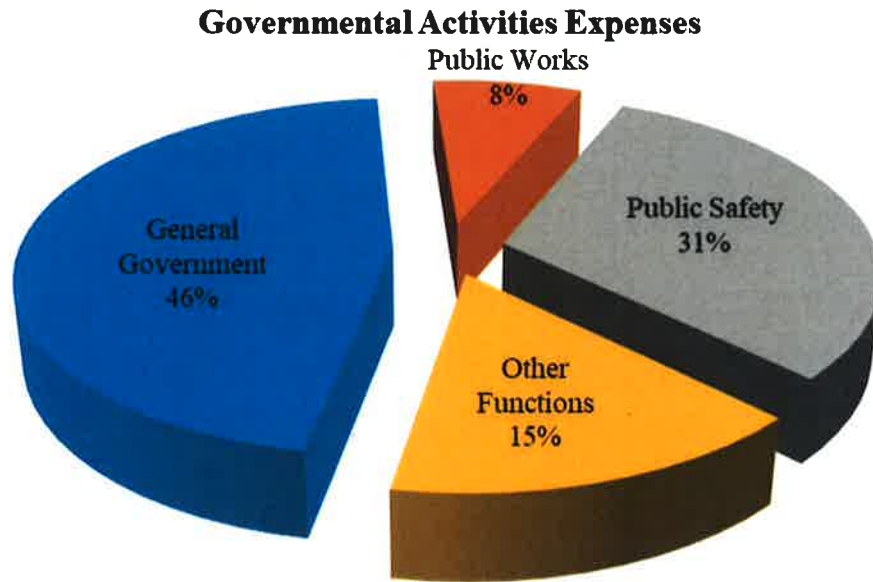
The capital project fund had a decrease in fund balance of \$160,649 during the year leading to an ending fund balance of \$18,206. The decrease in fund balance was directly related to the \$234,371 of capital outlay expenditures incurred for the construction of the Township's multi-purpose building.

Governmental Activities

The following chart summarizes the revenue sources for the governmental activities of the Township for the most recent fiscal year-end:



The following chart summarizes the expenses for the governmental activities of the Township for the most recent fiscal year-end:



General Fund Budgetary Highlights

Original budget compared to final budget. During the year budget amendments were required when actual expenditures became known during the year. The most notable increases in expenditures related to building repair, technology costs, and transfers out to subsidize construction costs.

Final budget compared to actual results. During the current fiscal year the Township had no actual expenditures in excess of the amounts appropriated.

Capital Asset Administration

The Township's investment in capital assets for its governmental activities as of March 31, 2023 amounts to \$1,682,770 (net of accumulated depreciation). This was an increase of \$218,565, or 14.9%, from the prior year as capital asset additions exceeded depreciation. This investment in capital assets includes land, land improvements, buildings, and machinery and equipment.

More detailed information about the Township's capital assets can be found in Note 4.

Economic Condition and Outlook

Property tax revenues are expected to change minimally reflecting fairly stable property values. The Township continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2024, the Township plans again to use current revenues to provide essential services and to maintain the Township's financial reserves at similar levels.

Contacting the Township

This financial report is designed to provide a general overview of the Township's finances to its citizens, customers, investors, and creditors and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

The Township of Solon
15185 Algoma Avenue
Cedar Springs, MI 49319

Basic Financial Statements

**Township of Solon
Statement of Net Position
March 31, 2023**

ASSETS

Current Assets

Cash and Cash Equivalents	\$	3,068,006
Taxes Receivable		12,834
Accounts Receivable		17,908
Due from State		103,937
<i>Total Current Assets</i>		3,202,685

Noncurrent Assets

Capital Assets not Being Depreciated		78,349
Capital Assets Being Depreciated, net		1,604,421
<i>Total Assets</i>		4,885,455

LIABILITIES

Current Liabilities

Accounts Payable		98,108
Accrued Liabilities		10,131
Deposits and Escrow		105,382
Unearned Revenue		412,326
<i>Total Liabilities</i>		625,947

NET POSITION

Investment in Capital Assets		1,682,770
<i>Restricted for:</i>		
Building Inspections		33,740
Fire Operations		120,186
<i>Unrestricted</i>		2,422,812
<i>Total Net Position</i>	\$	4,259,508

**Township of Solon
Statement of Activities
For the Year Ended March 31, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General Government	\$ 457,198	\$ 91,842	\$ --	\$ 233,722	\$ (131,634)
Community and Economic Development	45,764	8,595	--	--	(37,169)
Public Safety	306,658	78,746	225	--	(227,687)
Public Works	75,415	13,450	10,273	--	(51,692)
Recreation and Culture	108,068	--	419	--	(107,649)
Total	\$ 993,103	\$ 192,633	\$ 10,917	\$ 233,722	(555,831)

General Purpose Revenues:

Taxes	394,333
Intergovernmental	714,132
Interest Income	23,213
Total General Revenues	1,131,678
Change in Net Position	575,847
<i>Net Position at Beginning of Period (Restated, Note 12)</i>	3,683,661
Net Position at End of Period	\$ 4,259,508

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Solon
Balance Sheet
Governmental Funds
March 31, 2023**

	<u>Special Revenue</u>		<u>Capital Projects</u>		<u>Total</u>	
	<u>Fire Operating Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>	<u>Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 2,582,417	\$ 96,113	\$ 261,124	\$ 3,068,006		
Taxes Receivable	8,861	--	--	12,834		
Accounts Receivable	17,908	--	--	17,908		
Due from State	103,937	--	--	103,937		
Total Assets	\$ 2,713,123	\$ 96,113	\$ 261,124	\$ 3,202,685		
LIABILITIES						
Accounts Payable	\$ 11,646	\$ 77,907	\$ --	\$ 98,108		
Accrued Liabilities	6,547	--	--	10,131		
Deposits and Escrow	105,382	--	--	105,382		
Unearned Revenue	412,326	--	--	412,326		
Total Liabilities	\$ 535,901	\$ 77,907	\$ --	\$ 625,947		
FUND BALANCE						
Restricted	33,740	120,186	--	153,926		
Committed	--	18,206	261,124	279,330		
Assigned	308,809	--	--	308,809		
Unassigned	1,834,673	--	--	1,834,673		
Total Fund Balance	\$ 2,177,222	\$ 18,206	\$ 261,124	\$ 2,576,738		
Total Liabilities and Fund Balance	\$ 2,713,123	\$ 96,113	\$ 261,124	\$ 3,202,685		

Township of Solon
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
March 31, 2023

Total Fund Balance - Governmental Funds	\$ 2,576,738
General government capital assets of \$2,428,495, net of accumulated depreciation of \$745,725, are not financial resources and, accordingly, are not reported in the funds.	1,682,770
Total Net Position - Governmental Activities	\$ <u>4,259,508</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Solon
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended March 31, 2023

	Special Revenue		Capital Projects		Other Governmental Funds	Total Governmental Funds
	General	Fire Operating Fund	Capital Project Fund	Capital Project Fund		
Revenues						
Taxes	\$ 287,039	\$ 107,294	\$ --	\$ --	--	\$ 394,333
Licenses and Permits	97,223	--	--	--	--	97,223
Intergovernmental	958,127	--	--	--	--	958,127
Charges for Services	22,144	--	--	--	--	22,144
Franchise Fees	72,215	--	--	--	--	72,215
Interest Income	21,633	--	--	--	1,580	23,213
Other Revenue	1,050	26	--	--	619	1,695
Total Revenues	1,459,431	107,320	--	--	2,199	1,568,950
Expenditures						
General Government	417,222	--	--	--	--	417,222
Community and Economic Development	45,764	--	--	--	--	45,764
Public Safety	74,002	199,892	--	--	--	273,894
Public Works	75,415	--	--	--	--	75,415
Recreation and Culture	101,408	--	--	--	--	101,408
Capital Outlay	--	--	234,371	234,371	63,594	297,965
Total Expenditures	713,811	199,892	234,371	234,371	63,594	1,211,668
Excess of Revenues Over (Under) Expenditures	745,620	(92,572)	(234,371)	(234,371)	(61,395)	357,282
Other Financing Sources (Uses)						
Transfers In	--	90,050	--	73,722	58,000	221,772
Transfers Out	(221,772)	--	--	--	--	(221,772)
Net Other Financing Sources (Uses)	(221,772)	90,050	--	73,722	58,000	--
Net Change in Fund Balance	523,848	(2,522)	(160,649)	(160,649)	(3,395)	357,282
Fund Balance at Beginning of Period	1,653,374	122,708	178,855	178,855	264,519	2,219,456
Fund Balance at End of Period	\$ 2,177,222	\$ 120,186	\$ 18,206	\$ 18,206	\$ 261,124	\$ 2,576,738

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Solon
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended March 31, 2023

Total Net Change in Fund Balances - Governmental Funds	\$	357,282
Governmental funds report capital outlay as an expenditure; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This amount represents capital outlay expenditures of \$324,570 in excess of depreciation expense of \$106,005.		218,565
Changes in Net Position - Governmental Activities	\$	<u>575,847</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Solon
Statement of Fiduciary Net Position
Fiduciary Fund
March 31, 2023**

	<u>Custodial Fund</u>
	<u>Tax Collection</u>
ASSETS	
Cash and Cash Equivalents	\$ 22,336
<i>Total Assets</i>	<u>22,336</u>
LIABILITIES	
Due to Other Governmental Units	22,336
<i>Total Liabilities</i>	<u>22,336</u>
NET POSITION	
Restricted for Individuals, Organizations, and Other Governments	\$ --

The Notes to the Financial Statements are an integral part of these Financial Statements

Township of Solon
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended March 31, 2023

	Custodial Fund
	Tax Collection
Additions	
Taxes Collected for Other Governments	\$ 6,558,818
<i>Total Additions</i>	<i>6,558,818</i>
Deductions	
Taxes Disbursed to Other Governments	6,558,818
<i>Total Deductions</i>	<i>6,558,818</i>
<i>Change in Net Position</i>	<i>--</i>
<i>Net Position at Beginning of Period</i>	<i>--</i>
<i>Net Position at End of Period</i>	<i>\$ --</i>

The Notes to the Financial Statements are an integral part of these Financial Statements

Notes to the Financial Statements

Township of Solon

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Township of Solon, Michigan (the "Township" or "government") 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 the Township:

Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 61, "*The Financial Reporting Entity*," these financial statements present the Township. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

There are no other units that should be included in the financial statements based on the above criteria.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities are normally supported by taxes and intergovernmental revenues.

The *statement of activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: 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 revenue 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.

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 funds. 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

Township of Solon

Notes to the Financial Statements

requirements imposed by the provider have been met. Custodial funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. They too use the accrual basis of accounting to recognize receivables and payables.

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 Township considers revenue to be available if it is collected within 60 days of the end of the current fiscal period.

Property taxes, franchise fees, state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township. 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 to be measurable only when cash is received by the Township.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Township reports the following major governmental 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.

The ***fire operating fund*** is a special revenue fund, which accounts for the financial resources used to operate the fire department and is funded mostly by property taxes.

The ***capital project fund*** is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified for the purpose of capital projects.

Additionally, the Township reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital project funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified for the purpose of capital projects.

Township of Solon

Notes to the Financial Statements

Fiduciary funds account for assets held by the Township in a trustee capacity or as a custodian for individuals, private organizations, other governments, and/or other funds.

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

Property Tax Revenue Recognition

The Township bills and collects both its own property tax levy and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Property taxes are levied twice per year. A summer tax is levied on July 1 and a winter tax is levied on December 1. The tax levies are due September 14 and February 14, respectively. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Kent County Treasurer on March 1 of the year following the levy. The Kent County Treasurer remits payments to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection. Property taxes are recognized as revenues in the period for which they are levied.

The Township is permitted to levy up to \$1.00 per \$1,000 of the taxable valuation for general government service. For the year ended March 31, 2023, the Township levied .7817 mills for general governmental services and .4739 fire operations. The total taxable value for the 2022 levy for property within the Township was \$223,806,351.

Assets, Liabilities, and Net Position 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.

State statutes authorize the Township to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and all other outstanding balances between funds are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Township of Solon

Notes to the Financial Statements

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. No amounts have been deemed uncollectable.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Years
Buildings	40 - 60
Building Improvements	15 - 30
Equipment	3 - 7
Vehicles	10 - 20

Unearned Revenues

Unearned revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Township of Solon

Notes to the Financial Statements

It is the government's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. Nonspendable fund balance are equal to prepaid items. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Township Board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Township Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned fund balance is the residual classification for the Township's general fund and includes all spendable amounts not contained in the other classifications and is, therefore, available to be spent as determined by the Township Board.

Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Township of Solon

Notes to the Financial Statements

Interfund Transactions

During the course of normal operations, the Township may have transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or component units are netted as part of the reconciliation to the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

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

- On or before March 1, the Township Supervisor submits to the Township Board, a proposed operating budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted at the Township hall to obtain taxpayer comments.
- On or before March 31, the budget is adopted by resolution.
- Any revisions that alter the total expenditures of any fund must be approved by the Township Board.
- Budgeted amounts are presented as originally adopted, or as amended by the Township Board before March 31.
- Budgets as presented for the general fund are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Township of Solon

Notes to the Financial Statements

- The Township legally adopts budgets for the general fund and the fire operating fund.
- Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Township Board.
- The legal level of control is at the activity level of the general fund and at the fund expenditure totals for the special revenue funds.
- The Township Clerk is authorized to transfer budgeted amounts between accounts within the same activity.
- The budget document presents information by fund, function, activity and line items.

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 Budgetary Funds

The Township had no expenditures of budgetary funds which were in excess of the amount budgeted during the year ended March 31, 2023.

Note 3 - Cash and Investments

The captions on the government-wide and fund statements relating to cash are as follows:

	Governmental Activities	Fiduciary Fund	Total
Statement of Net Position			
Cash and Cash Equivalents	\$ 3,068,006	\$ 22,336	\$ 3,090,342
Deposits and Investments			
Checking and Savings Accounts	\$ 2,072,604	\$ 22,336	\$ 2,094,940
Certificates of Deposit	355,017	-	355,017
MIClass	640,385	-	640,385
Totals	\$ 3,068,006	\$ 22,336	\$ 3,090,342

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township's investment policy does not have specific limits in excess of state law pertaining to custodial credit risk. As of year-end \$1,453,191 of the bank balance of \$2,469,335 was exposed to custodial credit risk because it was uninsured

Township of Solon

Notes to the Financial Statements

and uncollateralized, the amount exposed to custodial credit risk is higher in prior years due to the tax fund having outstanding checks as of year-end.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices. As of year-end, all deposits and investments consist of demand accounts, pooled investments, certificates of deposit, all of which are not rated.

<u>Agency</u>	<u>Rating</u>	<u>Amount</u>
Standard & Poor's	AAAm	<u>\$ 640,385</u>

Interest Rate Risk

State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's deposits and investments consisted of the following:

	<u>Certificates of Deposit</u>	<u>Pooled Investments</u>
No Maturity	\$ -	\$ 640,385
Due Within 1 Year	355,017	-
<i>Totals</i>	<u>\$ 355,017</u>	<u>\$ 640,385</u>

Fair Value Measurement

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

The Township holds shares in the Michigan CLASS government investment pool whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year-end, the net asset value of the Township's investment in the Michigan CLASS government investment pool was \$640,385. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS government investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S.

Township of Solon

Notes to the Financial Statements

government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, villages, school districts, authorities and other public agencies.

Note 4 - Capital Assets

Capital asset activity for the year was as follows:

Governmental Activities	Balance at 3/31/2022 *	Additions	Disposals	Balance at 3/31/2023
Capital Assets not being Depreciated				
Land	\$ 78,349	\$ -	\$ -	\$ 78,349
Capital Assets being Depreciated:				
Buildings and Improvements	1,261,285	297,965	-	1,559,250
Equipment	364,204	-	(4,000)	360,204
Vehicles	404,087	26,605	-	430,692
Total Capital Assets being Depreciated	2,029,576	324,570	(4,000)	2,350,146
Less Accumulated Depreciation:				
Buildings and Improvements	366,029	33,951	-	399,980
Equipment	111,097	54,239	(4,000)	161,336
Vehicles	166,594	17,815	-	184,409
Total Accumulated Depreciation	643,720	106,005	(4,000)	745,725
Total Capital Assets being Depreciated, net	1,385,856	218,565	-	1,604,421
Net Capital Assets	\$ 1,464,205	\$ 218,565	\$ -	\$ 1,682,770

*Restated, see Note 12.

Depreciation expense was charged as follows:

Governmental Activities	
General Government	\$ 66,581
Public Safety	32,764
Recreation and Culture	6,660
Total Depreciation Expense	\$ 106,005

Township of Solon

Notes to the Financial Statements

Note 5 - Interfund Transfers

Interfund Transfers were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Fire Operating Fund	General Fund	\$ 90,050
Capital Project Fund	General Fund	73,722
Nonmajor Governmental	General Fund	58,000

Transfers are used to: 1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; 2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and 3) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 6 - Retirement Plans

Defined Contribution Plan

The Township and its employees contribute to the Solon Township Governmental Non-ERISA Retirement Plan, a defined contribution pension plan, which is administered by a third-party administrator. The plan covers two classes of employees, as allowed under Internal Revenue Code Section 401(a). The first class of employees includes Township board members. The second class of employees includes all full-time employees and regular, permanent, and part-time employees. Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate as described above. The Township contributes 15% of covered payroll to the first class of qualifying employees. The Township contributes 5% of covered payroll to the second class of qualifying employees, with employees contributing a mandatory match of 5%. Employees are permitted to make contributions to the Plan, up to applicable Internal Revenue Code limits. For the year ended March 31, 2023, the Township and eligible employees made contributions of \$22,703 and \$6,717, respectively. At March 31, 2023, the Township reported no accrued liability as part of the contributions to the plan. The Township's contributions for each employee (and investment earnings allocated to the employee's account) are fully vested on the day the employee is eligible to participate in the plan, which occurs when the employee is hired. The Township is not a trustee of the defined contribution pension plan, nor is the Township responsible for investment management of the pension plan assets. Accordingly, plan assets, and changes therein, are not reported in these financial statements.

Deferred Compensation

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The assets of the plan are held in trust (custodial account or

Township of Solon

Notes to the Financial Statements

annuity contract), as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian, for the exclusive benefit of the participants, 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 No. 32, plan balances and activities are not reflected in the Township's financial statements

Note 7 - Risk Management

The Township is exposed to various risks of losses for claims arising from general liability, wrongful acts, professional liability, property damage and destruction, crime, accidents, and injuries. Risks of losses arising from possible claims are managed through the purchase of commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

Note 8 - Joint Venture

The Township, along with six other municipalities, is a participant in the North Kent Community Enrichment Board (the "Board") under the provisions of Public Act 156 of 1917. The governing body of the Board consists of members appointed by each participating unit. The Board was formed for the purpose of providing recreation services to the citizens of its member municipalities. The inter-local agreement governing the joint venture does not convey to its members an explicit interest in the assets of the joint venture. Costs of operations and capital asset acquisitions of the Board are supported by contributions from the member municipalities and fees from recreation programs.

During the year ended March 31, 2023, the Township contributed \$7,000 to the Board.

The Township is unaware of any indication that the Board is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden on the Township in the near future. Separate financial statements are issued for the Board and may be obtained from the Cedar Springs Parks and Recreation Board.

Note 9 - Construction Code Fees

The Township oversees building construction in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction costs, including an allocation of estimated overhead costs.

Township of Solon

Notes to the Financial Statements

A summary of current activity showing current year ending surplus:

	<u>March 31, 2023</u>
Current year building permit revenue	\$ 77,260
Less related expenditures	
Direct Cost	<u>74,002</u>
Current year surplus (Deficit)	3,258
Cumulative surplus, beginning of year	<u>30,482</u>
<i>Cumulative surplus, end of year</i>	<u>\$ 33,740</u>

The cumulative surplus of \$33,740 is reported as restricted fund balance in the Township's general fund.

Note 10 - Subsequent Events and Commitment

The Township Board approved a work order with the Kent County Road Commission in the amount of \$1,300,000, with the Township's portion being \$715,000, for Township road projects. Work commenced during fiscal year 2024.

Management is not aware of any other subsequent events that would have a significant impact on the financial condition of the Township.

Note 11 - Adoption of GASB Statement No. 87, Leases

The Township adopted the provisions of GASB Statement No. 87, *Leases*, in the current year, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township does not currently have any leases that would require implementation of GASB Statement No. 87, *Leases*.

Note 12 - Restatement

Management identified certain capital assets that met the Township's capitalization threshold which were purchased in prior reporting periods. These capital assets were recorded at cost, net of their related accumulated depreciation, and are included in the Township's beginning net position as of March 31, 2022. Capital assets and net position were both increased by \$196,998, from \$3,486,663 (as previously reported) to \$3,683,661, as of March 31, 2022 as a result of this restatement.

Required Supplementary Information

Township of Solon
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended March 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues				
Taxes	\$ 271,950	\$ 271,950	\$ 287,039	\$ 15,089
Licenses and Permits	132,800	132,800	97,223	(35,577)
Intergovernmental	563,000	796,722	958,127	161,405
Charges for Services	16,300	16,300	22,144	5,844
Franchise Fees	76,000	76,000	72,215	(3,785)
Interest Income	1,250	1,250	21,633	20,383
Other Revenue	2,100	2,100	1,050	(1,050)
Total Revenues	<u>1,063,400</u>	<u>1,297,122</u>	<u>1,459,431</u>	<u>162,309</u>
Other Financing Sources				
Sale of Capital Assets	1,000	1,000	--	(1,000)
Total Revenues and Other Financing Sources	<u>1,064,400</u>	<u>1,298,122</u>	<u>1,459,431</u>	<u>161,309</u>
Expenditures				
General Government				
Legislative	8,250	8,250	7,300	950
Supervisor	36,500	36,500	34,492	2,008
Elections	26,350	15,350	14,967	383
Assessor	51,340	51,340	51,159	181
Clerk	46,890	44,890	38,023	6,867
Board of Review	1,450	2,908	1,867	1,041
Treasurer	44,875	49,475	48,708	767
Building and Grounds	48,525	73,825	70,743	3,082
Other General Government	101,000	151,500	149,963	1,537
Total General Government	<u>365,180</u>	<u>434,038</u>	<u>417,222</u>	<u>16,816</u>
Building Inspection, Public Safety	<u>112,350</u>	<u>102,450</u>	<u>74,002</u>	<u>28,448</u>
Public Works				
Highways and Streets	173,650	173,650	57,112	116,538
Cemetery	22,600	19,600	18,303	1,297
Total Public Works	<u>196,250</u>	<u>193,250</u>	<u>75,415</u>	<u>117,835</u>
Community and Economic Development				
Planning Commission	5,500	11,000	9,443	1,557
Zoning	31,650	36,900	36,321	579
Total Community and Economic Development	<u>37,150</u>	<u>47,900</u>	<u>45,764</u>	<u>2,136</u>
Parks and Recreation - Recreation and Culture				
Total Expenditures	<u>808,530</u>	<u>879,646</u>	<u>713,811</u>	<u>165,835</u>
Other Financing Uses				
Transfers Out	255,870	629,592	221,772	407,820
Total Expenditures and Other Financing Uses	<u>1,064,400</u>	<u>1,509,238</u>	<u>935,583</u>	<u>573,655</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
	--	(211,116)	523,848	734,964
Net Change in Fund Balance	--	<u>(211,116)</u>	<u>523,848</u>	<u>734,964</u>
Fund Balance at Beginning of Period	1,653,374	1,653,374	1,653,374	--
Fund Balance at End of Period	<u>\$ 1,653,374</u>	<u>\$ 1,442,258</u>	<u>\$ 2,177,222</u>	<u>\$ 734,964</u>

Township of Solon
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Fire Operating Fund
For the Year Ended March 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable
				(Unfavorable)
				Final to Actual
Revenues				
Taxes	\$ 99,000	\$ 99,000	\$ 107,294	\$ 8,294
Other Revenue	500	500	26	(474)
Total Revenues	<u>99,500</u>	<u>99,500</u>	<u>107,320</u>	<u>7,820</u>
Other Financing Sources				
Transfers In	90,050	90,050	90,050	--
Total Revenues and Other Financing Sources	<u>189,550</u>	<u>189,550</u>	<u>197,370</u>	<u>7,820</u>
Expenditures				
Public Safety	189,050	210,550	199,892	10,658
Total Expenditures	<u>189,050</u>	<u>210,550</u>	<u>199,892</u>	<u>10,658</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	500	(21,000)	(2,522)	18,478
Net Change in Fund Balance	<u>500</u>	<u>(21,000)</u>	<u>(2,522)</u>	<u>18,478</u>
Fund Balance at Beginning of Period	122,708	122,708	122,708	--
Fund Balance at End of Period	<u>\$ 123,208</u>	<u>\$ 101,708</u>	<u>\$ 120,186</u>	<u>\$ 18,478</u>

Combining and Individual Fund Statements and Schedules

**Township of Solon
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2023**

	Capital Projects			
	Fire Department Capital Fund	Velzy Park Construction Fund	Total Nonmajor Governmental Funds	
ASSETS				
Cash and Cash Equivalents	\$ 200,658	\$ 60,466	\$ 261,124	
<i>Total Assets</i>	\$ 200,658	\$ 60,466	\$ 261,124	
FUND BALANCE				
Committed	\$ 200,658	\$ 60,466	\$ 261,124	
Unassigned	--	--	--	
Total Fund Balance	\$ 200,658	\$ 60,466	\$ 261,124	

Township of Solon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended March 31, 2023

	Capital Projects			Total Nonmajor Governmental Funds
	Fire Department Capital Fund	Velzy Park Construction Fund		
Revenues				
Interest Income	748	\$ 832	\$	1,580
Other Revenue	200	419		619
Total Revenues	<u>948</u>	<u>1,251</u>		<u>2,199</u>
Expenditures				
Capital Outlay	--	63,594		63,594
Total Expenditures	<u>--</u>	<u>63,594</u>		<u>63,594</u>
Excess of Revenues Over (Under) Expenditures	<u>948</u>	<u>(62,343)</u>		<u>(61,395)</u>
Other Financing Sources (Uses)				
Transfers In	50,000	8,000		58,000
Net Other Financing Sources (Uses)	<u>50,000</u>	<u>8,000</u>		<u>58,000</u>
Net Change in Fund Balance	<u>50,948</u>	<u>(54,343)</u>		<u>(3,395)</u>
Fund Balance at Beginning of Period	149,710	114,809		264,519
Fund Balance at End of Period	<u>\$ 200,658</u>	<u>\$ 60,466</u>		<u>\$ 261,124</u>

September 5, 2023

To the Board of Trustees
Township of Solon
Cedar Springs, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Solon (the "Township") for the year ended March 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 3, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 to the financial statements. No new accounting policies were adopted and, except as stated in Note 11 to the financial statements, the application of existing policies was not changed during 2023. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- The estimated useful lives of depreciable capital assets is based on the length of time management believes those assets will provide some economic benefit in the future.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. 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 each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 5, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis and the budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

A handwritten signature in cursive script that reads "Gabridge & Company".

Gabridge & Company, PLC
Grand Rapids, MI

