



**TOWNSHIP OF SOLON, KENT COUNTY, MICHIGAN**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED MARCH 31, 2024**

**GABRIDGE & CO.**

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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, 2024, 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, 2024, 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.

***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 information, 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 fund financial statements 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 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 16, 2024

## **Management's Discussion and Analysis**

**Township of Solon**  
**Management's Discussion and Analysis**  
**March 31, 2024**

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, 2024. 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 \$4,272,132 (net position). Of this amount, \$1,963,604 represents unrestricted net position.
- During the year, the Township received \$1,868,741 in revenues and incurred \$1,856,117 in expenses, resulting in an increase in net position of \$12,624.
- At the close of the current fiscal year, the Township's governmental funds reported combined fund balances of \$2,143,222, a decrease of \$433,516 in comparison with the previous year. A portion of this amount, \$1,337,779, 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 \$1,337,779, or approximately 63.9% 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., 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, fire department capital, 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 exceeded liabilities by \$4,259,508 at the close of the most recent fiscal year.

#### Township of Solon's Net Position

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 2,173,659	\$ 3,068,006
Taxes Receivable	13,894	12,834
Accounts Receivable	37,581	17,908
Due from State	109,747	103,937
<b>Total Current Assets</b>	<u>2,334,881</u>	<u>3,202,685</u>
<i>Noncurrent Assets</i>		
Capital Assets not Being Depreciated	78,349	78,349
Capital Assets Being Depreciated, net	2,050,561	1,604,421
<b>Total Assets</b>	<u>4,463,791</u>	<u>4,885,455</u>
<b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Accounts Payable	60,598	98,108
Accrued Liabilities	19,224	10,131
Deposits and Escrow	111,837	105,382
Unearned Revenue	-	412,326
<b>Total Liabilities</b>	<u>191,659</u>	<u>625,947</u>
<b>NET POSITION</b>		
Investment in Capital Assets	2,128,910	1,682,770
<i>Restricted</i>	179,618	153,926
<i>Unrestricted</i>	1,963,604	2,422,812
<b>Total Net Position</b>	<u>\$ 4,272,132</u>	<u>\$ 4,259,508</u>

A portion of the Township's net position \$2,128,910 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, \$179,618, is restricted and may not be used other than by its restricted purpose. The remaining amount of \$1,963,604 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 \$12,624 when compared to the previous year.

**Township of Solon's Changes in Net Position**

<b>Revenue</b>	<b>2024</b>	<b>2023</b>
<b>Program Revenues</b>		
Charges for Services	\$ 243,647	\$ 192,633
Operating Grants and Contributions	12,398	10,917
Capital Grants and Contributions	452,326	233,722
<b><i>Total Program Revenues</i></b>	<b>708,371</b>	<b>437,272</b>
<b>General Revenues</b>		
Taxes	432,825	394,333
Unrestricted State Aid	707,421	714,132
Interest	20,124	23,213
<b><i>Total General Revenues</i></b>	<b>1,160,370</b>	<b>1,131,678</b>
<b><i>Total Revenues</i></b>	<b>1,868,741</b>	<b>1,568,950</b>
<b>Expenses</b>		
General Government	546,467	457,198
Public Works	738,866	75,415
Community and Economic Development	53,425	45,764
Public Safety	371,120	306,658
Recreation and Culture	146,239	108,068
<b><i>Total Expenses</i></b>	<b>1,856,117</b>	<b>993,103</b>
<b><i>Change in Net Position</i></b>	<b>12,624</b>	<b>575,847</b>
Net Position at the Beginning of Period	4,259,508	3,683,661
<b><i>Net Position at the End of Period</i></b>	<b>\$ 4,272,132</b>	<b>\$ 4,259,508</b>

The following highlights the key changes in the Township’s financial position:

- Charges for services increased by \$51,014, primarily due to a \$37,000 rise in building permit revenues.
- Capital grant revenues grew by \$218,604, reflecting the recognition of \$412,326 in American Rescue Plan Act (ARPA) funds during fiscal 2024, compared to \$233,722 in fiscal 2023.
- Tax revenues increased by \$38,492, driven by a 9.2% rise in taxable property values.
- Public works expenses surged by \$663,451 due to a significant increase in road projects, most notably on Wiersma Road, in 2024 compared to the previous year.

- Cash decreased by \$894,347, largely due to the purchase of \$579,516 in capital assets and the spending of \$412,326 in ARPA funds that had been received in prior years.
- Capital assets increased by \$446,140, reflecting the purchase of \$579,516 in new assets, offset by \$133,376 in depreciation.
- Unearned revenue declined by \$412,326 as the Township utilized the ARPA funds during the fiscal 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 Township's governmental funds focus on short-term inflows, outflows, and available spendable resources, which help assess the Township's financing needs. The unassigned fund balance is particularly useful as a measure of the government's discretionary resources since it represents the portion of fund balance that is not restricted or designated for a specific purpose by external parties or by the Township itself.

As of March 31, 2024, the Township's governmental funds had a combined fund balance of \$2,143,222, a decrease of \$433,516 from the previous year. Of this total, \$1,337,779 is unassigned and available for discretionary spending. The remaining balance is categorized as either nonspendable, restricted, assigned, or committed for specific purposes, including \$179,618 in restricted funds, \$420,856 in assigned funds, and \$204,969 in committed funds.

The general fund is the Township's primary operating fund. At the end of the fiscal year, the general fund's unassigned fund balance was \$1,337,779, representing about 63.9% of total general fund expenditures and transfers out, which is a good indicator of liquidity.

The general fund balance decreased by \$383,735 this year, primarily due to transfers out totaling \$578,834 to support various projects.

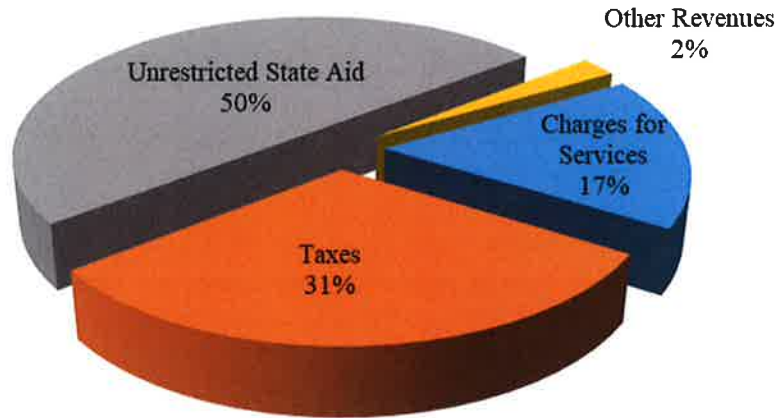
The fire operating fund finished the year with a balance of \$144,766, an increase of \$24,580, which is consistent with previous years.

The fire department capital fund saw a decrease of \$49,372, ending the year with a balance of \$151,286. The decline was due to \$385,000 in capital outlay expenditures for the purchase of a new fire truck.

## Governmental Activities

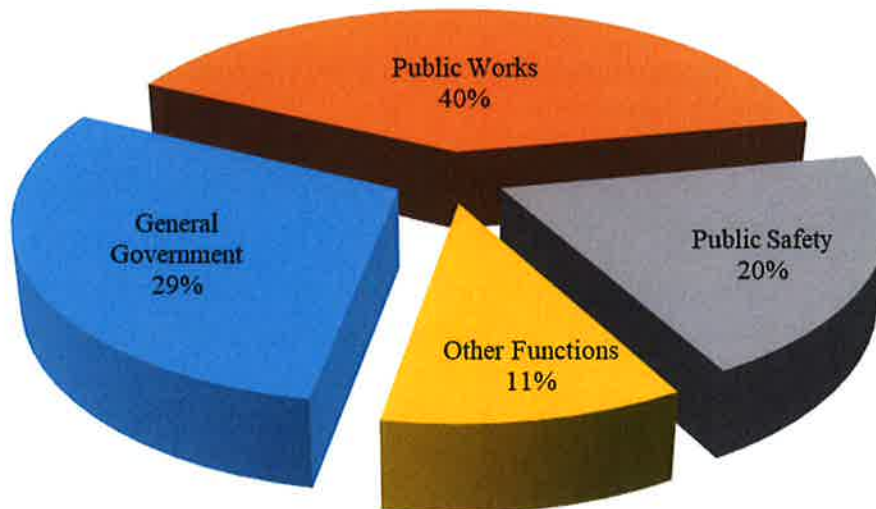
The following chart summarizes the revenue sources for the governmental activities of the Township for the most recent fiscal year-end:

### Governmental Activities Revenues



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

### Governmental Activities Expenses



## General Fund Budgetary Highlights

*Original budget compared to final budget.* During the fiscal year, budget amendments were made due to increased costs in several areas. The most notable increases were related to additional street project costs, parks and recreation expenditures, building inspections, and other general government activities.

*Final budget compared to actual results.* In the current fiscal year, the Township had one expenditure that exceeded the budget:

<u>Expenditure</u>	<u>Final Amount</u>	<u>Actual Amount</u>	<u>Variance</u>
<b>General Fund</b>			
Zoning	\$ 46,200	\$ 47,019	\$ (819)

## Capital Asset Administration

The Township's investment in capital assets for its governmental activities as of March 31, 2024 amounts to \$2,128,910 (net of accumulated depreciation). This was an increase of \$446,140, or 26.5%, 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, consistent with stable property values across the township. In 2025, the Township anticipates a modest increase in taxable values due to ongoing development within the region and a slight uptick in property values. This increase should help offset some of the rising costs of operations driven by inflation, particularly in wages and benefits. The Township will continue to monitor inflationary pressures, especially as they impact the costs of providing essential services such as public safety and road maintenance.

The Township remains committed to careful fiscal management and will continue to prioritize reviewing all budget line items for potential savings. As in prior years, the Township's budget will be adjusted as needed throughout the year to respond to changes in revenue or unexpected costs. While no significant additional revenue sources beyond property taxes and state revenue sharing are anticipated, the Township remains focused on maintaining its financial reserves at stable levels.

Additionally, the Township plans to address increasing maintenance needs related to its infrastructure. The Board recognizes the importance of maintaining roads, public buildings, and parks. Recent discussions have emphasized the need for continued investment in local infrastructure, with strategic planning for future repair and maintenance, which will help ensure long-term sustainability.

Comparatively, nearby local units of government in Kent County are facing similar challenges. Many are experiencing rising operating costs due to inflation and are responding by modestly increasing property tax revenues and finding efficiencies within their operations.

By utilizing current revenues efficiently, the Township is positioned to maintain the high standard of essential services while avoiding significant cuts or service disruptions. Looking forward, management remains dedicated to ensuring fiscal responsibility while planning for the future needs of its residents.

### **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:

Township of Solon  
15185 Algoma Avenue  
Cedar Springs, MI 49319

## **Basic Financial Statements**

**Township of Solon  
Statement of Net Position  
March 31, 2024**

**ASSETS**

*Current Assets*

Cash and Cash Equivalents	\$	2,173,659
Taxes Receivable		13,894
Accounts Receivable		37,581
Due from State		109,747
<b><i>Total Current Assets</i></b>		<u>2,334,881</u>

*Noncurrent Assets*

Capital Assets not Being Depreciated		78,349
Capital Assets Being Depreciated, net		2,050,561
<b><i>Total Assets</i></b>		<u>4,463,791</u>

**LIABILITIES**

*Current Liabilities*

Accounts Payable		60,598
Accrued Liabilities		19,224
Deposits and Escrow		111,837
<b><i>Total Liabilities</i></b>		<u>191,659</u>

**NET POSITION**

Investment in Capital Assets		2,128,910
<i>Restricted for:</i>		
Building Inspections		34,852
Fire Operations		144,766
<i>Unrestricted</i>		1,963,604
<b><i>Total Net Position</i></b>	<b>\$</b>	<u><u>4,272,132</u></u>



**Township of Solon  
Statement of Activities  
For the Year Ended March 31, 2024**

Functions/Programs	Program Revenues					Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
General Government	\$ 546,467	\$ 114,479	\$ --	\$ 120,365	\$	(311,623)
Community and Economic Development	53,425	7,025	--	--		(46,400)
Public Safety	371,120	116,043	50	331,961		76,934
Public Works	738,866	6,100	10,812	--		(721,954)
Recreation and Culture	146,239	--	1,536	--		(144,703)
<b>Total</b>	<b>\$ 1,856,117</b>	<b>\$ 243,647</b>	<b>\$ 12,398</b>	<b>\$ 452,326</b>	<b>\$</b>	<b>(1,147,746)</b>

**General Purpose Revenues:**

Taxes	432,825
Intergovernmental	707,421
Interest Income	20,124
<b>Total General Revenues</b>	<b>1,160,370</b>
<b>Change in Net Position</b>	<b>12,624</b>
<i>Net Position at Beginning of Period</i>	4,259,508
<b><i>Net Position at End of Period</i></b>	<b><u>4,272,132</u></b>

**Township of Solon  
Balance Sheet  
Governmental Funds  
March 31, 2024**

	<u>Special Revenue</u>				<u>Total Governmental Funds</u>
	<u>General</u>	<u>Fire Operating Fund</u>	<u>Fire Department Capital Fund</u>	<u>Other Governmental Funds</u>	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,816,737	\$ 147,953	\$ 151,286	\$ 57,683	\$ 2,173,659
Taxes Receivable	9,452	4,442	--	--	13,894
Accounts Receivable	37,581	--	--	--	37,581
Due from State	109,747	--	--	--	109,747
<b>Total Assets</b>	<b>\$ 1,973,517</b>	<b>\$ 152,395</b>	<b>\$ 151,286</b>	<b>\$ 57,683</b>	<b>\$ 2,334,881</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 55,199	\$ 1,399	\$ --	\$ 4,000	\$ 60,598
Accrued Liabilities	12,994	6,230	--	--	19,224
Deposits and Escrow	111,837	--	--	--	111,837
<b>Total Liabilities</b>	<b>180,030</b>	<b>7,629</b>	<b>--</b>	<b>4,000</b>	<b>191,659</b>
<b>FUND BALANCE</b>					
Restricted	34,852	144,766	--	--	179,618
Committed	--	--	151,286	53,683	204,969
Assigned	420,856	--	--	--	420,856
Unassigned	1,337,779	--	--	--	1,337,779
<b>Total Fund Balance</b>	<b>1,793,487</b>	<b>144,766</b>	<b>151,286</b>	<b>53,683</b>	<b>2,143,222</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,973,517</b>	<b>\$ 152,395</b>	<b>\$ 151,286</b>	<b>\$ 57,683</b>	<b>\$ 2,334,881</b>

**Township of Solon**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**March 31, 2024**

Total Fund Balance - Governmental Funds	\$ 2,143,222
General government capital assets of \$3,000,376, net of accumulated depreciation of \$871,466, are not financial resources and, accordingly, are not reported in the funds.	2,128,910
<b>Total Net Position - Governmental Activities</b>	<b>\$ <u>4,272,132</u></b>

**Township of Solon**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended March 31, 2024**

	<u>Special Revenue</u>				<u>Capital Projects</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Fire Operating Fund</u>	<u>Fire Department Capital Fund</u>	<u>Fire Department Capital Fund</u>	<u>Fire Department Capital Fund</u>	<u>Other Governmental Funds</u>		
<b>Revenues</b>								
Taxes	\$ 315,738	\$ 117,087	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 432,825
Licenses and Permits	133,828	--	--	--	--	--	--	133,828
Intergovernmental	1,130,559	40,000	--	--	--	--	--	1,170,559
Charges for Services	33,144	--	--	--	--	--	--	33,144
Franchise Fees	67,361	--	--	--	--	--	--	67,361
Interest Income	18,637	--	1,209	--	278	--	278	20,124
Other Revenue	9,314	50	--	--	1,536	--	1,536	10,900
<b>Total Revenues</b>	<u>1,708,581</u>	<u>157,137</u>	<u>1,209</u>	<u>1,209</u>	<u>1,814</u>	<u>1,814</u>	<u>1,814</u>	<u>1,868,741</u>
<b>Expenditures</b>								
General Government	478,110	--	--	--	--	--	--	478,110
Community and Economic Development	53,425	--	--	--	--	--	--	53,425
Public Safety	112,916	246,607	--	--	--	--	--	359,523
Public Works	738,866	--	--	--	--	--	--	738,866
Recreation and Culture	130,165	--	--	--	6,277	--	6,277	136,442
Capital Outlay	--	--	385,000	--	150,891	--	150,891	535,891
<b>Total Expenditures</b>	<u>1,513,482</u>	<u>246,607</u>	<u>385,000</u>	<u>385,000</u>	<u>157,168</u>	<u>157,168</u>	<u>157,168</u>	<u>2,302,257</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>195,099</u>	<u>(89,470)</u>	<u>(383,791)</u>	<u>(383,791)</u>	<u>(155,354)</u>	<u>(155,354)</u>	<u>(155,354)</u>	<u>(433,516)</u>
<b>Other Financing Sources (Uses)</b>								
Transfers In	--	114,050	334,419	334,419	130,365	--	130,365	578,834
Transfers Out	(578,834)	--	--	--	--	--	--	(578,834)
<b>Net Other Financing Sources (Uses)</b>	<u>(578,834)</u>	<u>114,050</u>	<u>334,419</u>	<u>334,419</u>	<u>130,365</u>	<u>130,365</u>	<u>130,365</u>	<u>--</u>
<b>Net Change in Fund Balance</b>	<u>(383,735)</u>	<u>24,580</u>	<u>(49,372)</u>	<u>(49,372)</u>	<u>(24,989)</u>	<u>(24,989)</u>	<u>(24,989)</u>	<u>(433,516)</u>
<b>Fund Balance at Beginning of Period</b>	2,177,222	120,186	200,658	200,658	78,672	78,672	78,672	2,576,738
<b>Fund Balance at End of Period</b>	<u>\$ 1,793,487</u>	<u>\$ 144,766</u>	<u>\$ 151,286</u>	<u>\$ 151,286</u>	<u>\$ 53,683</u>	<u>\$ 53,683</u>	<u>\$ 53,683</u>	<u>\$ 2,143,222</u>

**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, 2024**

Total Net Change in Fund Balances - Governmental Funds	\$	(433,516)
--	----	-----------

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 \$579,516 in excess of depreciation expense of \$133,376.

446,140

<b>Changes in Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>12,624</u></b>
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**Township of Solon**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**March 31, 2024**

	<b>Custodial Fund</b>
	<b>Tax Collection</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 73,173
<i>Total Assets</i>	<i>73,173</i>
<b>LIABILITIES</b>	
Due to Other Governmental Units	73,173
<i>Total Liabilities</i>	<i>73,173</i>
<b>NET POSITION</b>	
Restricted for Individuals, Organizations, and Other Governments	\$ --

**Township of Solon**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Year Ended March 31, 2024**

	<b>Custodial Fund</b>
	<b>Tax Collection</b>
<b>Additions</b>	
Taxes Collected for Other Governments	\$ 7,412,867
<i><b>Total Additions</b></i>	<i><b>7,412,867</b></i>
<b>Deductions</b>	
Taxes Disbursed to Other Governments	7,412,867
<i><b>Total Deductions</b></i>	<i><b>7,412,867</b></i>
<i><b>Change in Net Position</b></i>	<i><b>--</b></i>
<i>Net Position at Beginning of Period</i>	<i>--</i>
<i><b>Net Position at End of Period</b></i>	<i><b>\$ --</b></i>

**Notes to the Financial Statements**



# Township of Solon

## Notes to the Financial Statements

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### **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

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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 *fire department capital fund* is a capital project fund established to account for and report financial resources restricted, committed, or assigned for the acquisition, construction, or improvement of capital assets related to fire department services. Revenues in this fund are typically derived from transfers, dedicated millage, or grant proceeds.

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.

## Township of Solon

### Notes to the Financial Statements

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**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.

**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, 2024, the Township levied .7817 mills for general governmental services and .4739 fire operations. The total taxable value for the 2023 levy for property within the Township was \$244,478,535.

#### **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.

# Township of Solon

## Notes to the Financial Statements

### ***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.”

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:

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

### ***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

## Township of Solon

### Notes to the Financial Statements

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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.

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

## Township of Solon

### Notes to the Financial Statements

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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.

#### *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.

# Township of Solon

## Notes to the Financial Statements

- 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.
- 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 one expenditure of budgetary funds which were in excess of the amount budgeted during the year ended March 31, 2024, as follows:

<u>Expenditure</u>	<u>Final Amount</u>	<u>Actual Amount</u>	<u>Variance</u>
<b>General Fund</b>			
Zoning	\$ 46,200	\$ 47,019	\$ (819)

**Township of Solon**

Notes to the Financial Statements

**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
<b>Statement of Net Position</b>			
Cash and Cash Equivalents	\$ 2,173,659	\$ 73,173	\$ 2,246,832
<b>Deposits and Investments</b>			
Checking and Savings Accounts	\$ 1,591,625	\$ 73,173	\$ 1,664,798
Certificates of Deposit	357,824	-	357,824
MIClass	224,210	-	224,210
<b>Totals</b>	<b>\$ 2,173,659</b>	<b>\$ 73,173</b>	<b>\$ 2,246,832</b>

***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 \$1,204,175 of the bank balance of \$2,051,552 was exposed to custodial credit risk because it was uninsured 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	\$ 224,210

***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.



## Township of Solon

### Notes to the Financial Statements

The Township's deposits and investments consisted of the following:

	<u>Certificates of Deposit</u>	<u>Pooled Investments</u>
No Maturity	\$ -	\$ 224,210
Due Within 1 Year	357,824	-
<b><i>Totals</i></b>	<u>\$ 357,824</u>	<u>\$ 224,210</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 \$224,210. 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. 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.

**Township of Solon**

Notes to the Financial Statements

**Note 4 - Capital Assets**

Capital asset activity for the year was as follows:

<u>Governmental Activities</u>	Balance at 3/31/2023	Additions	Disposals	Balance at 3/31/2024
Capital Assets not being Depreciated				
Land	\$ 78,349	\$ -	\$ -	\$ 78,349
Capital Assets being Depreciated:				
Buildings and Improvements	1,559,250	150,890	-	1,710,140
Equipment	360,204	43,626	(7,635)	396,195
Vehicles	430,692	385,000	-	815,692
Total Capital Assets being Depreciated	<u>2,350,146</u>	<u>579,516</u>	<u>(7,635)</u>	<u>2,922,027</u>
Less Accumulated Depreciation:				
Buildings and Improvements	399,980	40,143	-	440,123
Equipment	161,336	58,542	(7,635)	212,243
Vehicles	184,409	34,691	-	219,100
Total Accumulated Depreciation	<u>745,725</u>	<u>133,376</u>	<u>(7,635)</u>	<u>871,466</u>
Total Capital Assets being Depreciated, net	<u>1,604,421</u>	<u>446,140</u>	<u>-</u>	<u>2,050,561</u>
<i>Net Capital Assets</i>	<u>\$ 1,682,770</u>	<u>\$ 446,140</u>	<u>\$ -</u>	<u>\$ 2,128,910</u>

Depreciation expense was charged as follows:

<b>Governmental Activities</b>	
General Government	\$ 68,357
Public Safety	55,222
Recreation and Culture	9,797
<b>Total Depreciation Expense</b>	<u>\$ 133,376</u>

**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	\$ 114,050
Capital Project Fund	General Fund	334,419
Nonmajor Governmental	General Fund	130,365

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

## Township of Solon

### Notes to the Financial Statements

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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, 2024, the Township and eligible employees made contributions of \$27,358 and \$7,129, respectively. At March 31, 2024, 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 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

## Township of Solon

### Notes to the Financial Statements

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#### **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, 2024, 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, 2024</u>
Current year building permit revenue	\$ 114,028
Less related expenditures	
Direct Cost	<u>112,916</u>
Current year surplus (Deficit)	1,112
Cumulative surplus, beginning of year	<u>33,740</u>
<i>Cumulative surplus, end of year</i>	<u>\$ 34,852</u>

The cumulative surplus of \$34,852 is reported as restricted fund balance in the Township's general fund.

#### **Note 10 - Subsequent Events and Commitment**

In fiscal year 2023, the Township entered an agreement with the Kent County Road Commission (KCRC) for road improvements to Wiersma Road. In total, the Township has committed to pay an additional \$379,090 for the Wiersma Road Improvement Project as of March 31, 2024. These expenditures were authorized by the Township Board during their respective meetings and have been recorded as part of the Township's road improvement budget.

The Township has reviewed all subsequent events through the issuance of these financial statements and has determined that no further events require disclosure beyond the commitments described.

#### **Note 11 - Tax Abatements**

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and the construction or improvement of facilities. The Industrial Facilities Tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after the commencement of the project and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. For the year ended March 31, 2024, the Township's operating property taxes were reduced by \$4,189, and the Township's fire operating taxes were reduced by \$2,540 under this program.

**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, 2024**

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final to Actual</u>
<b>Revenues</b>				
Taxes	\$ 294,700	\$ 317,735	\$ 315,738	\$ (1,997)
Licenses and Permits	135,500	140,433	133,828	(6,605)
Intergovernmental	799,329	1,156,205	1,130,559	(25,646)
Charges for Services	20,875	41,419	33,144	(8,275)
Franchise Fees	76,000	76,000	67,361	(8,639)
Interest Income	8,200	13,939	18,637	4,698
Other Revenue	100	9,314	9,314	--
<b>Total Revenues</b>	<u>1,334,704</u>	<u>1,755,045</u>	<u>1,708,581</u>	<u>(46,464)</u>
<b>Expenditures</b>				
<b>General Government</b>				
Legislative	9,390	11,250	9,791	1,459
Supervisor	44,350	44,350	42,187	2,163
Elections	29,050	52,550	51,296	1,254
Assessor	57,000	59,607	59,033	574
Clerk	51,290	51,290	49,208	2,082
Board of Review	2,750	2,750	2,002	748
Treasurer	54,975	61,545	60,303	1,242
Building and Grounds	65,025	37,025	35,894	1,131
Other General Government	146,550	171,845	168,396	3,449
<b>Total General Government</b>	<u>460,380</u>	<u>492,212</u>	<u>478,110</u>	<u>14,102</u>
<b>Public Safety - Building Inspection</b>	<u>84,550</u>	<u>113,602</u>	<u>112,916</u>	<u>686</u>
<b>Public Works</b>				
Highways and Streets	464,515	726,127	722,633	3,494
Cemetery	26,400	26,400	16,233	10,167
<b>Total Public Works</b>	<u>490,915</u>	<u>752,527</u>	<u>738,866</u>	<u>13,661</u>
<b>Community and Economic Development</b>				
Planning Commission	11,650	11,650	6,406	5,244
Zoning	38,350	46,200	47,019	(819)
<b>Total Community and Economic Dev.</b>	<u>50,000</u>	<u>57,850</u>	<u>53,425</u>	<u>4,425</u>
Parks and Recreation	107,000	130,165	130,165	--
<b>Total Expenditures</b>	<u>1,192,845</u>	<u>1,546,356</u>	<u>1,513,482</u>	<u>32,874</u>
<b>Other Financing Uses</b>				
Transfers Out	272,318	578,834	578,834	--
<b>Total Expenditures and Other Financing Uses</b>	<u>1,465,163</u>	<u>2,125,190</u>	<u>2,092,316</u>	<u>32,874</u>
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Uses</b>	<u>(130,459)</u>	<u>(370,145)</u>	<u>(383,735)</u>	<u>(13,590)</u>
<b>Net Change in Fund Balance</b>	<u>(130,459)</u>	<u>(370,145)</u>	<u>(383,735)</u>	<u>(13,590)</u>
<b>Fund Balance at Beginning of Period</b>	2,177,222	2,177,222	2,177,222	--
<b>Fund Balance at End of Period</b>	<u>\$ 2,046,763</u>	<u>\$ 1,807,077</u>	<u>\$ 1,793,487</u>	<u>\$ (13,590)</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, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Favorable</b>
				<b>(Unfavorable)</b>
				<b>Final to Actual</b>
<b>Revenues</b>				
Taxes	\$ 100,000	\$ 100,000	\$ 117,087	\$ 17,087
Intergovernmental	--	40,000	40,000	--
Other Revenue	500	500	50	(450)
<b>Total Revenues</b>	<u>100,500</u>	<u>140,500</u>	<u>157,137</u>	<u>16,637</u>
<b>Other Financing Sources</b>				
Transfers In	<u>114,050</u>	<u>114,050</u>	<u>114,050</u>	<u>--</u>
<b>Total Revenues and Other Financing Sources</b>	<u>214,550</u>	<u>254,550</u>	<u>271,187</u>	<u>16,637</u>
<b>Expenditures</b>				
Public Safety	<u>214,050</u>	<u>256,025</u>	<u>246,607</u>	<u>9,418</u>
<b>Total Expenditures</b>	<u>214,050</u>	<u>256,025</u>	<u>246,607</u>	<u>9,418</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</b>	<u>500</u>	<u>(1,475)</u>	<u>24,580</u>	<u>26,055</u>
<b>Net Change in Fund Balance</b>	<u>500</u>	<u>(1,475)</u>	<u>24,580</u>	<u>26,055</u>
<b>Fund Balance at Beginning of Period</b>	<u>120,186</u>	<u>120,186</u>	<u>120,186</u>	<u>--</u>
<b>Fund Balance at End of Period</b>	<u>\$ 120,686</u>	<u>\$ 118,711</u>	<u>\$ 144,766</u>	<u>\$ 26,055</u>



**Combining and Individual Fund Statements and Schedules**

**Township of Solon  
Combining Balance Sheet  
Nonmajor Governmental Funds  
March 31, 2024**

	Capital Projects			Total Nonmajor Governmental Funds
	Capital Project Fund	Velzy Park Construction Fund		
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,825	\$ 51,858		\$ 57,683
<i>Total Assets</i>	<b>\$ 5,825</b>	<b>\$ 51,858</b>		<b>\$ 57,683</b>
<b>LIABILITIES</b>				
Accounts Payable	--	4,000		4,000
<i>Total Liabilities</i>	--	4,000		4,000
<b>FUND BALANCE</b>				
Committed	5,825	47,858		53,683
Unassigned	--	--		--
<i>Total Fund Balance</i>	5,825	47,858		53,683
<i>Total Liabilities and Fund Balance</i>	<b>\$ 5,825</b>	<b>\$ 51,858</b>		<b>\$ 57,683</b>