

Township of Somerset

Year Ended June 30, 2024

Audit Presentation

November 21, 2024

Presented by:

Dane M. Porter, CPA
Senior Manager



SETTING THE STANDARD FOR QUALITY
GOVERNMENTAL AUDITS



Opinions

- In our opinion, the financial statements...present fairly, in all material respects,...

Management's Responsibility for the Financial Statements

- Preparation and fair presentation of the financial statements in accordance with GAAP
- Including design, implementation, and maintenance of internal controls
- Also responsible for fraud detection, deterrence, and prevention

Auditor's Responsibility

- The objective, or purpose, of an audit is to express opinions on the financial statements based on our audit
- The purpose is *not* to detect fraud or express an opinion on your internal controls

**TOWNSHIP OF SOMERSET
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024**

	General	Special Revenue			Police Fund	Capital Projects Improvement Fund	Nonmajor Parks and Recreation	Total
		Road Fund	Fire Fund					
ASSETS								
Cash and cash equivalents	\$ 835,829	\$ 10,805	\$ 356,993	\$ 101,850	\$ 158,494	\$ 124,416	\$ 1,588,387	
Investments	225,340	14,475	-	-	17,197	37,630	294,642	
Receivables	-	-	-	-	-	-	-	
Accounts, net	-	-	64,796	-	-	-	64,796	
Leases	318,530	-	-	-	-	-	318,530	
Special assessments	50,960	-	-	-	-	-	50,960	
Due from other governmental units	81,027	-	-	-	-	-	81,027	
TOTAL ASSETS	\$ 1,511,686	\$ 25,280	\$ 421,789	\$ 101,850	\$ 175,691	\$ 162,046	\$ 2,398,342	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 23,069	\$ -	\$ 3,697	\$ 5,257	\$ 6,575	\$ 6,369	\$ 44,967	
Accrued liabilities	11,173	-	21,172	6,816	-	16	39,177	
TOTAL LIABILITIES	34,242	-	24,869	12,073	6,575	6,385	84,144	
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - special assessments	50,960	-	-	-	-	-	50,960	
Lease related	299,644	-	-	-	-	-	299,644	
TOTAL DEFERRED INFLOWS OF RESOURCES	350,604	-	-	-	-	-	350,604	
FUND BALANCES								
Restricted	-	-	396,920	89,777	-	-	486,697	
Public safety	11,523	25,280	-	-	-	-	36,803	
Public works	675	-	-	-	-	-	675	
Perpetual care	-	-	-	-	-	155,661	155,661	
Parks and recreation	-	-	-	-	169,116	-	169,116	
Capital improvements	-	-	-	-	-	-	-	
Assigned for subsequent year's expenditures	414,284	-	-	-	-	-	414,284	
Unassigned	700,358	-	-	-	-	-	700,358	
TOTAL FUND BALANCES	1,126,840	25,280	396,920	89,777	169,116	155,661	1,963,594	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,511,686	\$ 25,280	\$ 421,789	\$ 101,850	\$ 175,691	\$ 162,046	\$ 2,398,342	

See accompanying notes to financial statements.

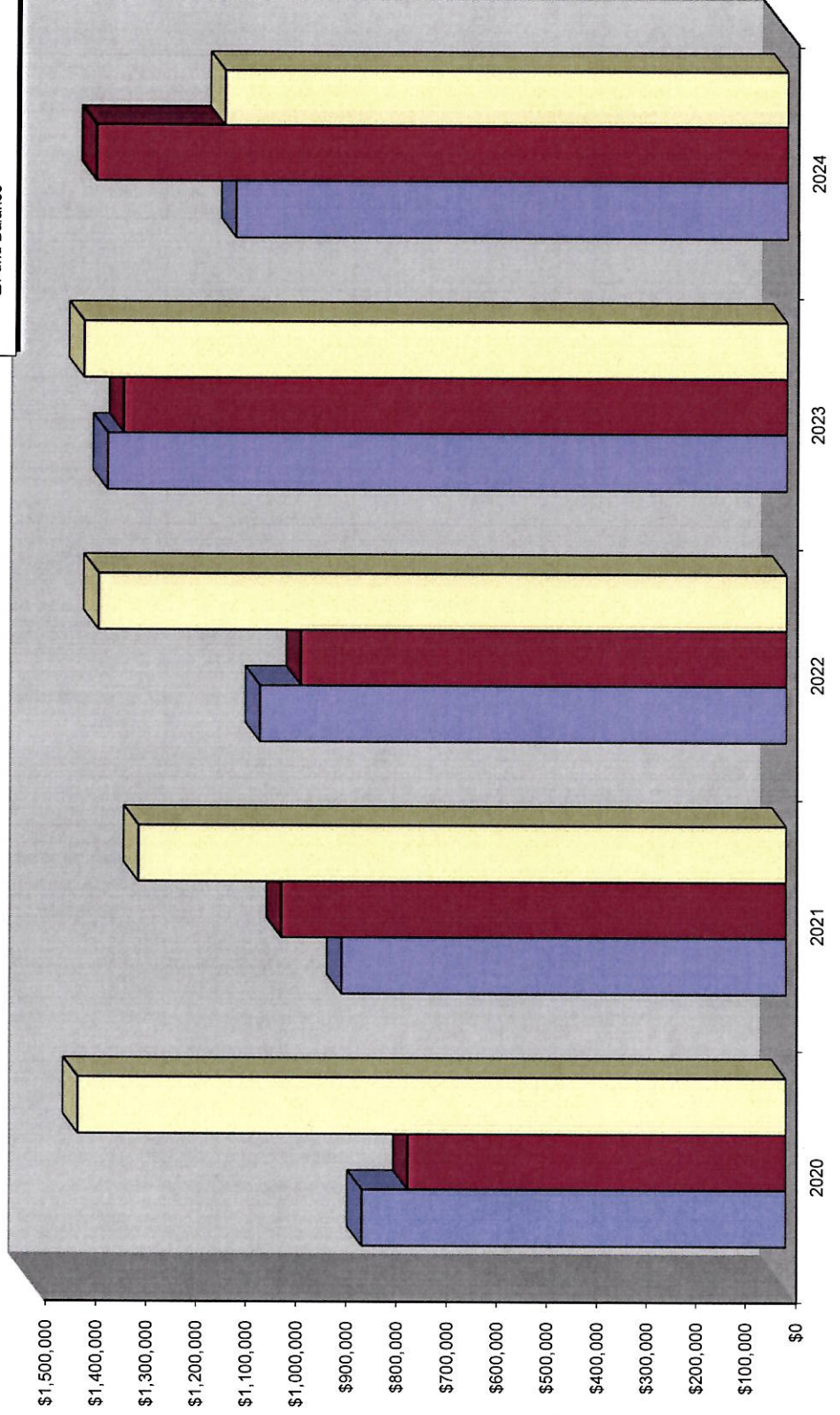
**TOWNSHIP OF SOMERSET
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024**

	General	Special Revenue		Police Fund	Capital Projects Improvement Fund	Nonmajor Parks and Recreation	Total
		Road Fund	Fire Fund				
REVENUES							
Taxes	\$ 237,252	\$ 63,774	\$ 191,369	\$ 127,572	\$ 63,774	\$ 63,774	\$ 747,515
Special assessments	19,320	-	-	-	-	-	19,320
Licenses and permits	79,113	-	-	-	-	-	79,113
Intergovernmental	501,740	5,747	-	-	-	-	507,487
Charges for services	91,861	-	667,304	341	-	-	759,506
Fines and forfeits	11,917	-	-	358	-	-	12,275
Interest and rents	108,440	1,941	2,707	604	3,713	6,534	123,939
Other	14,533	-	5,253	253	4,250	3,162	27,451
TOTAL REVENUES	1,064,176	71,462	866,633	129,128	71,737	73,470	2,276,606
EXPENDITURES							
Current							
General government	482,776	-	-	-	-	-	482,776
Public safety	33,702	-	775,158	293,686	-	-	1,102,546
Public works	56,345	194,993	-	-	-	-	251,338
Recreation and culture	52,132	-	-	-	-	104,461	156,593
Community and economic development	24,118	-	-	-	-	-	24,118
Debt service	-	-	-	5,948	-	-	5,948
Capital outlay	50,188	-	255,701	23,750	366,256	-	695,895
TOTAL EXPENDITURES	699,261	194,993	1,030,859	323,384	366,256	104,461	2,719,214
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	364,915	(123,531)	(164,226)	(194,256)	(294,519)	(30,991)	(442,608)
OTHER FINANCING SOURCES (USES)							
Lease proceeds	-	-	-	23,750	-	-	23,750
Transfers in	40,067	-	207,809	165,250	287,944	24,621	725,691
Transfers out	(685,624)	(40,067)	-	-	-	-	(725,691)
TOTAL OTHER FINANCING SOURCES (USES)	(645,557)	(40,067)	207,809	189,000	287,944	24,621	23,750
NET CHANGE IN FUND BALANCES	(280,642)	(163,598)	43,583	(5,256)	(6,575)	(6,370)	(418,858)
Fund balances, beginning of year, as previously presented	1,407,482	188,878	353,337	95,033	-	337,722	2,382,452
Change within financial reporting entity (nonmajor to major fund)	-	-	-	-	175,691	(175,691)	-
Fund balances, beginning of year, as restated	1,407,482	188,878	353,337	95,033	175,691	162,031	2,382,452
Fund balances, end of year	\$ 1,126,840	\$ 25,280	\$ 396,920	\$ 89,777	\$ 169,116	\$ 155,661	\$ 1,963,594

See accompanying notes to financial statements.

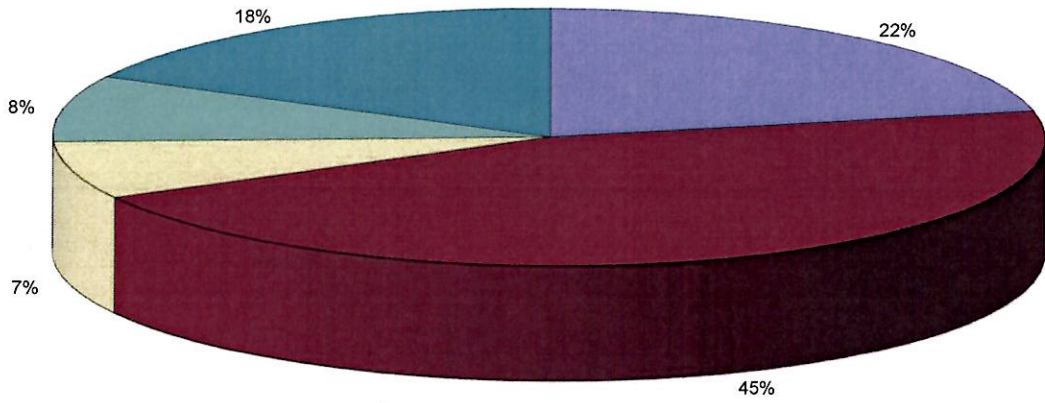
**Township of Somerset
General Fund Revenues, Expenditures, and Fund Balance**

- Revenues and Other Financing Sources
- Expenditures and Other Financing Uses
- Fund Balance



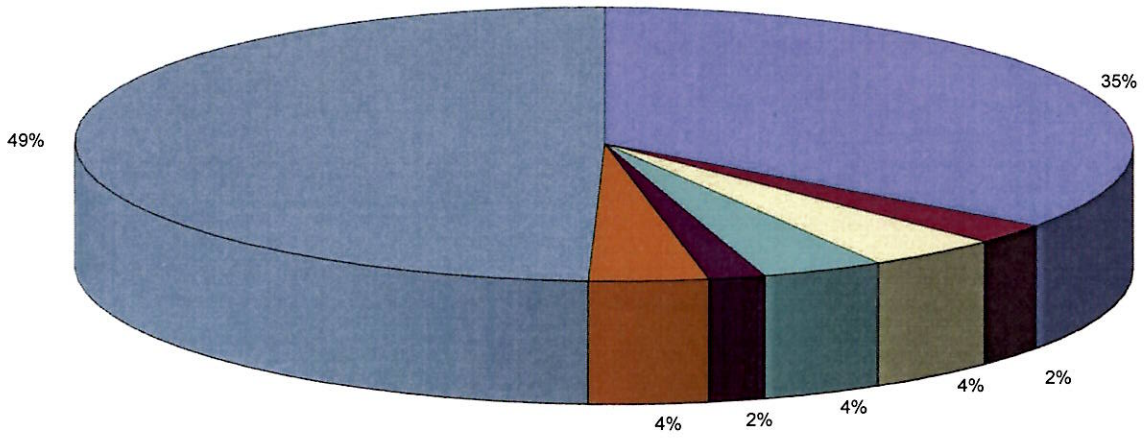
**Township of Somerset
General Fund Revenues
2024**

- Taxes
- Intergovernmental
- Licenses and Permits
- Charges for Services
- Other



**Township of Somerset
General Fund Expenditures
2024**

- General Government
- Public Safety
- Public Works
- Recreation and Culture
- Community and Economic Development
- Capital Outlay
- Transfers out





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November 8, 2024

Members of the Township Board of the
Township of Somerset
Hillsdale County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Somerset (the Township) as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the following deficiency in the Township's internal control to be a material weakness:

MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Material journal entries for the adjustment of cash, accounts receivable, amounts due from other governmental units, accounts payable, special assessment activity, and lease activity were proposed by the auditors and were necessary for the fair presentation of the financial statements. These misstatements were brought to the attention of management and were subsequently recorded in the Township's general ledger. A similar issue was noted and reported in our audit comments last year.

Auditing standards emphasize that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (where applicable), including the notes to the financial statements, in conformity with U.S. generally accepted accounting principles.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters.

This communication is intended solely for the information and use of members of the Township Board of the Township of Somerset, others within the Township, and applicable departments of the State of Michigan, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

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Thank you for your time.

Dane M. Porter, CPA
Senior Manager



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