

**TOWNSHIP OF SOMERSET  
HILLSDALE COUNTY, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS  
(with required and other  
supplementary information)**

**YEAR ENDED JUNE 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Somerset, Michigan (the Township), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Somerset, Michigan, as of June 30, 2020, 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.

### ***Emphasis of Matter - Change in Accounting Principle***

As discussed in Note 9 to the financial statements, the Township implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

#### ***Other 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 nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Manes Costeiman PC*

January 25, 2021



## TOWNSHIP OF SOMERSET MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the Township of Somerset's (the Township's) financial performance and position, providing an overview of the activities for the year ended June 30, 2020. This analysis should be read in conjunction with the Independent Auditor's Report and with the Township's financial statements, which follow this section. This discussion and analysis provides comparisons with the previous year.

### **Financial Highlights**

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2020.

- General Fund fund balance increased approximately \$90,827 from the prior year.
- Total net position was \$3,559,406.

### **Using This Annual Report**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The statement of net position and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities).

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 13 and 15 present reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (including depreciation) are not reported on the fund financial statements of the governmental funds. Capital assets and depreciation expense are reported on the government-wide financial statements.
- Capital outlay spending results in capital assets on the government-wide financial statements, but is reported as expenditures on the fund financial statements of the governmental funds.
- Long-term liabilities, such as amounts accrued for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide financial statements; however, they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.



**TOWNSHIP OF SOMERSET  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Fund Financial Statements.** The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of the Township in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

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

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

The Township of Somerset maintains six 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, Police Fund, Fire Fund, and Road Fund, which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Other Supplementary Information section of this report.

The Township adopts an annual appropriated budget for its General Fund and Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund, Fire Fund, Police Fund, and Road Fund to demonstrate compliance with this budget.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-30 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, such as this MD&A and the budgetary comparison schedules. Combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information.

**TOWNSHIP OF SOMERSET  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**The Township as a Whole**

The following table shows, in a condensed format, the net position as of June 30, 2019 and 2020.

|                              | <b>Governmental<br/>Activities</b> |                     |
|------------------------------|------------------------------------|---------------------|
|                              | <u>2019</u>                        | <u>2020</u>         |
| <b>Assets</b>                |                                    |                     |
| Current and other assets     | \$ 1,898,311                       | \$ 1,978,351        |
| Capital assets               | <u>1,709,157</u>                   | <u>1,612,145</u>    |
| Total assets                 | <u>3,607,468</u>                   | <u>3,590,496</u>    |
| <b>Liabilities</b>           |                                    |                     |
| Current liabilities          | 66,429                             | 31,090              |
| Noncurrent liabilities       | <u>113,413</u>                     | <u>-</u>            |
| Total liabilities            | <u>179,842</u>                     | <u>31,090</u>       |
| <b>Net Position</b>          |                                    |                     |
| Investment in capital assets | 1,556,613                          | 1,612,145           |
| Restricted                   | 555,891                            | 536,666             |
| Unrestricted                 | <u>1,315,122</u>                   | <u>1,410,595</u>    |
| Total net position           | <u>\$ 3,427,626</u>                | <u>\$ 3,559,406</u> |

The Township's total net position was \$3,559,406 on June 30, 2020. Unrestricted net position (the part of net position that can be used to finance day-to-day operations) was \$1,410,595 at the end of the fiscal year. The net position invested in capital assets was at \$1,612,145 and restricted net position was at \$536,666.

**TOWNSHIP OF SOMERSET  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following table shows the changes in net position during the current and prior year.

|                                    | <b>Governmental<br/>Activities</b> |                   |
|------------------------------------|------------------------------------|-------------------|
|                                    | <u>2019</u>                        | <u>2020</u>       |
| <b>Revenues</b>                    |                                    |                   |
| Program revenue                    |                                    |                   |
| Charges for services               | \$ 470,898                         | \$ 514,739        |
| Operating grants and contributions | 176,413                            | 126,010           |
| Capital grants and contributions   | 26,956                             | 46,061            |
| General revenues                   |                                    |                   |
| Property taxes                     | 601,448                            | 617,603           |
| State Revenue Sharing              | 399,436                            | 399,049           |
| Investment earnings                | 31,583                             | 39,754            |
| Miscellaneous                      | 5,574                              | 14,597            |
| <b>Total revenues</b>              | <u>1,712,308</u>                   | <u>1,757,813</u>  |
| <b>Expenses</b>                    |                                    |                   |
| General government                 | 367,442                            | 409,993           |
| Public safety                      | 900,337                            | 912,157           |
| Public works                       | 195,362                            | 218,166           |
| Culture and recreation             | 69,994                             | 68,753            |
| Community and economic development | 20,444                             | 15,163            |
| Interest on long-term debt         | 4,788                              | 1,801             |
| <b>Total expenses</b>              | <u>1,558,367</u>                   | <u>1,626,033</u>  |
| <b>Change in net position</b>      | <u>\$ 153,941</u>                  | <u>\$ 131,780</u> |

**Governmental Activities**

The Township's governmental revenues totaled \$1,757,813 with the greatest revenue source being property taxes, making up approximately 35% of total governmental revenue. Charges for services account for approximately 29% of revenue, and state shared revenues were approximately 23% of revenue.

The Township incurred expenses of \$1,626,033 during the year. This represents an increase of \$67,666, or approximately 4% over the prior year. The majority of expense, 56%, is associated with providing public safety services. The second largest expense category, general government activities, is about 25% of total current year expenses.

**TOWNSHIP OF SOMERSET  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**The Township's Funds**

**Governmental Funds.** The analysis of the Township's major funds begins on page 12, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township of Somerset's Board of Trustees creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millage. The Township's major funds for the fiscal year ended June 30, 2020 were the General Fund, Police Fund, Fire Fund, and Road Fund.

The General Fund pays for most of the Township's governmental services. Revenues exceeded expenditures and other financing uses in the General Fund by \$90,827 resulting in an ending fund balance of \$1,414,652. The most significant service provided during the fiscal year was general governmental services, which incurred expenditures of \$362,423 for the fiscal year. This was an increase of \$11,537, or 3%, from the prior year.

The Fire Fund expenditures exceeded revenues and other financing sources by \$5,330, resulting in an ending fund balance of \$170,826.

The Police Fund revenues and other financing sources exceeded expenditures by \$13,273, resulting in an ending fund balance of \$36,559.

The Road Fund expenditures exceeded revenues and other financing sources by \$66,684, resulting in ending fund balance of \$35,610.

**General Fund Budgetary Highlights**

Over the course of the fiscal year, the Township Board made necessary budget adjustments to fund unanticipated expenditures during the year. Budgeted expenditures and other financing uses were adjusted throughout the year. Total budgeted expenditures were increased by \$8,800, or 2% from the original budget to the final budget.

**Fire Fund Budgetary Highlights**

Total budgeted expenditures in the Fire Fund were increased from \$733,972 in the original budget to \$734,372 in the final budget. Total budgeted expenditures were increased by \$400, or 0%.

**Police Fund Budgetary Highlights**

Total budgeted expenditures in the Police Fund were increased from \$267,605 in the original budget to \$273,605 in the final budget. Total budgeted expenditures were increased by \$6,000, or 2%.

**Road Fund Budgetary Highlights**

Total budgeted expenditures in the Road Fund were \$221,000 in the original budget and was not amended during the year.

**TOWNSHIP OF SOMERSET  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Capital Asset and Debt Administration**

**Capital Assets.** At the end of the fiscal year, the Township had approximately \$3,440,420 invested in a broad range of capital assets, including buildings, land and equipment, and capital assets held by the police and fire fund. Accumulated depreciation on these assets was \$1,828,275 for a net capital asset total of \$1,612,145. In addition, the Township has made certain investments in roads within the Township. These assets are not reported in the Township's fund statements, because under Michigan law, these roads are the property of the Hillsdale County Road Commission.

Additional information related to capital assets can be found in Note 5 of the financial statements.

**Long-term Debt.** During the year the Township paid off the commercial loan which was used to help purchase a new ambulance.

Additional information related to long-term debt can be found in Note 6 of the financial statements.

**Current Economic Factors**

The State of Michigan revenue sharing continues to be the most significant budgetary. Short term investments are recommended at this time as interest rates are slowly increasing. Taxable value are expected to remain consistent and total millage levels will decrease from 3.0000 mills to 2.9371 mills.

COVID-19 has created uncertainties that are likely to negatively impact our operations and financial condition. While it is difficult to estimate the financial impact of COVID-19, we expect certain revenues, including state shared revenue, to decline.

**Contacting the Township Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township finances and demonstrates the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk or Treasurer at the Township Hall.

**BASIC FINANCIAL STATEMENTS**

**TOWNSHIP OF SOMERSET  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>ASSETS</b>                           |                            |
| Current assets                          |                            |
| Cash and cash equivalents               | \$ 1,519,665               |
| Accounts receivable                     | 67,573                     |
| Due from other governmental units       | 85,358                     |
| Prepays                                 | 8,981                      |
| Total current assets                    | 1,681,577                  |
| Noncurrent assets                       |                            |
| Investments                             | 296,774                    |
| Capital assets not being depreciated    | 226,100                    |
| Capital assets, net                     | 1,386,045                  |
| Total noncurrent assets                 | 1,908,919                  |
| <b>TOTAL ASSETS</b>                     | <b>3,590,496</b>           |
| <b>LIABILITIES</b>                      |                            |
| Current liabilities                     |                            |
| Accounts payable                        | 16,932                     |
| Accrued liabilities                     | 10,736                     |
| Current portion of compensated absences | 3,422                      |
| <b>TOTAL LIABILITIES</b>                | <b>31,090</b>              |
| <b>NET POSITION</b>                     |                            |
| Investment in capital assets            | 1,612,145                  |
| Restricted                              | 536,666                    |
| Unrestricted                            | 1,410,595                  |
| <b>TOTAL NET POSITION</b>               | <b>\$ 3,559,406</b>        |

See accompanying notes to financial statements.

**TOWNSHIP OF SOMERSET  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

| Functions/Programs                         | Expenses            | Charges for Services | Program Revenues                   |                                  | Net (Expenses) Revenue and Changes in Net Position |
|--|---------------------|----------------------|------------------------------------|----------------------------------|--|
|  |                     |                      | Operating Grants and Contributions | Capital Grants and Contributions |  |
| Governmental activities                    |                     |                      |                                    |                                  |  |
| General government                         | \$ 409,993          | \$ 191,262           | \$ 913                             | \$ -                             | \$ (217,818)                                       |
| Public safety                              | 912,157             | 315,788              | 115,867                            | 46,061                           | (434,441)  |
| Public works                               | 218,166             | -                    | 6,152                              | -                                | (212,014)  |
| Recreation and culture                     | 68,753              | 7,689                | 3,078                              | -                                | (57,986)   |
| Community and economic development         | 15,163              | -                    | -                                  | -                                | (15,163)   |
| Interest on long-term debt                 | 1,801               | -                    | -                                  | -                                | (1,801)  |
| <b>Total governmental activities</b>       | <b>\$ 1,626,033</b> | <b>\$ 514,739</b>    | <b>\$ 126,010</b>                  | <b>\$ 46,061</b>                 | <b>(939,223)</b>                                   |
| General revenues                           |                     |                      |                                    |                                  |  |
| Property taxes                             |                     |                      |                                    |                                  | 617,603  |
| State shared revenues                      |                     |                      |                                    |                                  | 399,049  |
| Investment earnings                        |                     |                      |                                    |                                  | 39,754   |
| Miscellaneous                              |                     |                      |                                    |                                  | 14,597   |
| <b>Total general revenues</b>              |                     |                      |                                    |                                  | <b>1,071,003</b>                                   |
| <b>Change in net position</b>              |                     |                      |                                    |                                  | <b>131,780</b>                                     |
| <b>Net position, beginning of the year</b> |                     |                      |                                    |                                  | <b>3,427,626</b>                                   |
| <b>Net position, end of the year</b>       |                     |                      |                                    |                                  | <b>\$ 3,559,406</b>                                |

See accompanying notes to financial statements.





**TOWNSHIP OF SOMERSET  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2020**

|  | General             | Fire Fund         | Police Fund      | Road Fund        | Nonmajor Governmental Funds | Total               |
|--|---------------------|-------------------|------------------|------------------|-----------------------------|---------------------|
| <b>ASSETS</b>                              |                     |                   |                  |                  |                             |                     |
| Cash and cash equivalents                  | \$ 1,031,963        | \$ 191,322        | \$ 38,783        | \$ 18,319        | \$ 239,278                  | \$ 1,519,665        |
| Investments                                | 228,061             | -                 | -                | 14,352           | 54,361                      | 296,774             |
| Accounts receivable                        | 20,740              | 46,589            | -                | -                | 244                         | 67,573              |
| Due from other funds                       | 66,304              | -                 | 216              | -                | 337                         | 66,857              |
| Due from other governmental units          | 61,826              | 8,829             | 5,886            | 2,939            | 5,878                       | 85,358              |
| Prepays                                    | 8,981               | -                 | -                | -                | -                           | 8,981               |
| <b>TOTAL ASSETS</b>                        | <b>\$ 1,417,875</b> | <b>\$ 246,740</b> | <b>\$ 44,885</b> | <b>\$ 35,610</b> | <b>\$ 300,098</b>           | <b>\$ 2,045,208</b> |
| <b>LIABILITIES</b>                         |                     |                   |                  |                  |                             |                     |
| Accounts payable                           | \$ 1,800            | \$ 3,125          | \$ 4,945         | \$ -             | \$ 7,062                    | \$ 16,932           |
| Accrued liabilities                        | 1,423               | 5,932             | 3,381            | -                | -                           | 10,736              |
| Due to other funds                         | -                   | 66,857            | -                | -                | -                           | 66,857              |
| <b>TOTAL LIABILITIES</b>                   | <b>3,223</b>        | <b>75,914</b>     | <b>8,326</b>     | <b>-</b>         | <b>7,062</b>                | <b>94,525</b>       |
| <b>FUND BALANCES</b>                       |                     |                   |                  |                  |                             |                     |
| Nonspendable - prepaids                    | 8,981               | -                 | -                | -                | -                           | 8,981               |
| Restricted                                 | -                   | 170,826           | 36,559           | -                | -                           | 207,385             |
| Public safety                              | -                   | -                 | -                | 35,610           | -                           | 35,610              |
| Public works                               | -                   | -                 | -                | -                | -                           | 635                 |
| Perpetual care                             | 635                 | -                 | -                | -                | -                           | 635                 |
| Parks and recreation                       | -                   | -                 | -                | -                | 135,951                     | 135,951             |
| Capital improvements                       | -                   | -                 | -                | -                | 157,085                     | 157,085             |
| Unassigned                                 | 1,405,036           | -                 | -                | -                | -                           | 1,405,036           |
| <b>TOTAL FUND BALANCES</b>                 | <b>1,414,652</b>    | <b>170,826</b>    | <b>36,559</b>    | <b>35,610</b>    | <b>293,036</b>              | <b>1,950,683</b>    |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 1,417,875</b> | <b>\$ 246,740</b> | <b>\$ 44,885</b> | <b>\$ 35,610</b> | <b>\$ 300,098</b>           | <b>\$ 2,045,208</b> |

See accompanying notes to financial statements.

**TOWNSHIP OF SOMERSET  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020**

**Total fund balances - governmental funds** \$ 1,950,683

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

|                               |                    |           |
|-------------------------------|--------------------|-----------|
| The cost of capital assets is | \$ 3,440,420       |           |
| Accumulated depreciation is   | <u>(1,828,275)</u> |           |
| Capital assets, net           |                    | 1,612,145 |

Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.  
Long-term liabilities at year-end consist of:

|                      |  |                |
|----------------------|--|----------------|
| Compensated absences |  | <u>(3,422)</u> |
|----------------------|--|----------------|

**Net position of governmental activities** \$ 3,559,406

**TOWNSHIP OF SOMERSET  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2020**

|   | General          | Fire Fund       | Police Fund      | Road Fund        | Nonmajor Governmental Funds | Total            |
|---|------------------|-----------------|------------------|------------------|-----------------------------|------------------|
| <b>REVENUES</b>                                     |                  |                 |                  |                  |                             |                  |
| Taxes   | \$ 206,192       | \$ 154,324      | \$ 102,875       | \$ 51,404        | \$ 102,808                  | \$ 617,603       |
| Fees and fines                                      | 11,387           | -               | 1,867            | -                | -                           | 13,254           |
| Licenses and permits                                | 78,902           | -               | -                | -                | -                           | 78,902           |
| Intergovernmental                                   | 402,164          | -               | -                | 6,152            | -                           | 408,316          |
| Charges for services                                | 98,771           | 470,937         | 933              | -                | -                           | 570,641          |
| Interest and rents                                  | 37,373           | 1,561           | 594              | 1,250            | 6,665                       | 47,443           |
| Other   | 14,135           | 4,769           | 2,491            | -                | 259                         | 21,654           |
| <b>TOTAL REVENUES</b>                               | <b>848,924</b>   | <b>631,591</b>  | <b>108,760</b>   | <b>58,806</b>    | <b>109,732</b>              | <b>1,757,813</b> |
| <b>EXPENDITURES</b>                                 |                  |                 |                  |                  |                             |                  |
| Current   |                  |                 |                  |                  |                             |                  |
| General government                                  | 362,423          | -               | -                | -                | -                           | 362,423          |
| Public safety                                       | 29,572           | 552,040         | 253,971          | -                | -                           | 835,583          |
| Public works  | 28,749           | -               | -                | 189,417          | -                           | 218,166          |
| Recreation and culture                              | 29,779           | -               | -                | -                | 26,697                      | 56,476           |
| Community and economic development                  | 15,163           | -               | -                | -                | -                           | 15,163           |
| Debt service  | -                | 154,881         | -                | -                | -                           | 154,881          |
| Capital outlay                                      | -                | -               | -                | -                | 43,529                      | 43,529           |
| <b>TOTAL EXPENDITURES</b>                           | <b>465,686</b>   | <b>706,921</b>  | <b>253,971</b>   | <b>189,417</b>   | <b>70,226</b>               | <b>1,686,221</b> |
| <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b> | <b>383,238</b>   | <b>(75,330)</b> | <b>(145,211)</b> | <b>(130,611)</b> | <b>39,506</b>               | <b>71,592</b>    |
| <b>OTHER FINANCING SOURCES (USES)</b>               |                  |                 |                  |                  |                             |                  |
| Transfers in  | -                | 70,000          | 158,484          | 63,927           | -                           | 292,411          |
| Transfers out                                       | (292,411)        | -               | -                | -                | -                           | (292,411)        |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>         | <b>(292,411)</b> | <b>70,000</b>   | <b>158,484</b>   | <b>63,927</b>    | <b>-</b>                    | <b>-</b>         |
| <b>NET CHANGE IN FUND BALANCES</b>                  | <b>90,827</b>    | <b>(5,330)</b>  | <b>13,273</b>    | <b>(66,684)</b>  | <b>39,506</b>               | <b>71,592</b>    |
| Fund balances, beginning of year                    | 1,323,825        | 176,156         | 23,286           | 102,294          | 253,530                     | 1,879,091        |
| Fund balances, end of year                          | \$ 1,414,652     | \$ 170,826      | \$ 36,559        | \$ 35,610        | \$ 293,036                  | \$ 1,950,683     |

See accompanying notes to financial statements.

**TOWNSHIP OF SOMERSET**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

**Net change in fund balances - total governmental funds** \$ 71,592

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

|  |                  |          |
|--|------------------|----------|
| Capital outlay                                     | \$ 56,455        |          |
| Depreciation expense                               | <u>(153,467)</u> |          |
| Excess of depreciation expense over capital outlay |                  | (97,012) |

Repayment of long-term debt is reported as expenditures in governmental funds, the repayment reduces long-term liabilities in the statement of net position. In the current year, this amount consist of:

|                           |  |         |
|---------------------------|--|---------|
| Debt principal retirement |  | 152,544 |
|---------------------------|--|---------|

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

|                                      |            |              |
|--------------------------------------|------------|--------------|
| Decrease in compensated absences     | 4,120      |              |
| Decrease in accrued interest payable | <u>536</u> |              |
|                                      |            | <u>4,656</u> |

**Change in net position of governmental activities** \$ 131,780

**TOWNSHIP OF SOMERSET  
FIDUCIARY FUND  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020**

|   | <u>Custodial Fund<br/>Tax Collection<br/>Fund</u> |
|---|---|
| <b>ASSETS</b>                           |   |
| Cash                                    | \$ 5,979  |
| <b>LIABILITIES</b>                      |   |
| Undistributed tax collections           | <u>5,979</u>                                      |
| <b>NET POSITION</b>                     |   |
| Restricted for individuals and agencies | <u><u>\$ -</u></u>                                |

See accompanying notes to financial statements.

**TOWNSHIP OF SOMERSET  
 FIDUCIARY FUND  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 YEAR ENDED JUNE 30, 2020**

|  | <u>Custodial Fund</u> |
|--|-----------------------|
|  | <u>Tax Collection</u> |
|  | <u>Fund</u>           |
| <b>ADDITIONS</b>                                 |                       |
| Collection of taxes for other governments        | \$ 5,686,986          |
| <b>DEDUCTIONS</b>                                |                       |
| Payment of taxes collected for other governments | 5,686,986             |
| Net change in fiduciary net position             | -                     |
| <b>NET POSITION</b>                              |                       |
| Beginning of year                                | -                     |
| End of year                                      | \$ -                  |

See accompanying notes to financial statements.

**TOWNSHIP OF SOMERSET  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Township of Somerset, Michigan, (the Township) was organized as a township under provisions of the constitution and general law of the State of Michigan. The Township is one of eighteen townships in Hillsdale County. The Township operates under an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and two Trustees and provides services to its residents in many areas including fire protection, police services, parks and recreation, and planning.

The financial statements of the Township have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to township governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Township's more significant accounting policies are described below.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the Township of Somerset. The Township does not have any activities that would be classified as component units.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of the Township of Somerset contain all the funds controlled by the Township Board.

Basis of Presentation

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements.

The statement of activities presents the direct functional expenses of the primary government and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.



**TOWNSHIP OF SOMERSET  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Basis of Presentation (continued)

**FUND FINANCIAL STATEMENTS**

The fund financial statements present the Township's individual major funds and aggregated nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

- a. The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Fire Fund accounts for the tax millage levied for the related fire protection costs and the billed services accounts for the emergency service costs incurred by the Township.
- c. The Police Fund accounts for the tax millage levied for the related police protection costs incurred by the Township.
- d. The Road Fund accounts for the tax millage levied for the related road maintenance and improvements incurred by the Township.

The Township also reports as a fiduciary fund the current tax collections fund (custodial fund).

Measurement Focus

The government-wide and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Basis of Accounting

Basis of accounting refers to the timing under which transactions are recognized for financial reporting purposes. Governmental fund financial statements use the modified accrual basis of accounting. The government-wide and custodial fund financial statements are prepared using the accrual basis of accounting.

**TOWNSHIP OF SOMERSET  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Basis of Accounting (continued)

Under the accrual basis of accounting, revenue is recorded in the period in which it is earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Revenues for grants and contributions are recognized when all eligibility requirements imposed by the provider have been met. Unearned revenue is recorded in the government-wide financial statements when resources are received by the Township before it has legal claim to them, such as when program fees are received.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include state and federal grants and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

If/when both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

Budgets for governmental funds are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the fund financial statements. The Township employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. Prior to July 1, the budget is adopted on a departmental (activity) level through passage of a Board resolution. After the budget is adopted all transfers of budgeted amounts between accounts within a fund or activity or any revisions that alter the total expenditures of the fund or activity must be approved by the Township Board.
- b. Formal budgetary integration is employed as a management control device during the year at the activity level for the General Fund and total expenditure level for the Special Revenue Funds.
- c. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at June 30 are not carried forward to the following fiscal year.
- d. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking, savings, uncategorized pooled investment accounts.

**TOWNSHIP OF SOMERSET  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Cash, Cash Equivalents, and Investments (continued)

Investments include certificates of deposit with an original maturity of greater than 90 days from the date of purchase. All investments are stated at fair value.

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Receivables

Receivables consist of amounts due from various individuals and businesses related to charges for services.

Property Tax

The Township of Somerset 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 Hillsdale County Treasurer on March 1 of the year following the levy. The Hillsdale County Treasurer remits payment 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.

**TOWNSHIP OF SOMERSET  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Property Tax (continued)

The Township is permitted to levy up to \$0.9878 per \$1,000 of assessed valuation for general governmental services, up to \$0.7410 per \$1,000 of assessed valuation for fire protection services, up to \$0.4940 per \$1,000 of assessed valuation for police protection services, and up to \$0.2469 per \$1,000 of assessed valuation for parks and recreation services, road improvements, and capital improvements, respectively. For the year ended June 30, 2020, the Township levied the full amount for each levy. The total taxable value for the 2019 levy for property within the Township was \$208,140,091.

Interfund Transactions

During the course of normal operations, the Township has numerous 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 operating transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the government activities. Capital assets are those with an initial individual cost greater than \$5,000 and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition cost on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

|                            |               |
|----------------------------|---------------|
| Machinery and equipment    | 10 - 20 years |
| Furniture and fixtures     | 3 - 40 years  |
| Buildings and improvements | 20 - 50 years |
| Vehicles                   | 5 - 20 years  |

Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet and the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of fund balance/net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure/expense) until that time.

**TOWNSHIP OF SOMERSET  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the balance sheet and the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance/net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Township does not currently have any items that meet the recognition criteria for classification as deferred outflows of resources or deferred inflows of resources.

Compensated Absences

It is the Township's policy to permit employees to accumulate earned but unused vacation and sick time benefits, subject to certain limitations. These benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Tax Abatements

The Township's tax revenues have been reduced by tax abatements. Management has determined these amounts to be immaterial to the financial statements.

Restrictions of Net Position

Restrictions of net position shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes.

Fund Balance Classifications

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five fund balance classifications of fund balance:

*Nonspendable* - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

*Restricted* - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

*Committed* - amounts constrained on use imposed by formal action of the government's highest level of decision making authority (i.e., Board, Council, etc.).

**TOWNSHIP OF SOMERSET  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Fund Balance Classifications (continued)

*Assigned* - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

*Unassigned* - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, Township of Somerset's highest level of decision-making authority is the Board of Trustees. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution of the Board of Trustees.

For assigned fund balance, the Township has not approved a policy indicating who is to assign amounts to a specific purpose. As a result, this authority is retained by the Board of Trustees.

The Township has not adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. Therefore, restricted resources will be used first, then unrestricted resources as they are needed.

Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

As of June 30, 2020, the Township had deposits and investments subject to the following risks.

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of June 30, 2020, the carrying amount of the Township's deposits was \$831,229 and the bank balance was \$847,304, all of which was covered by federal depository insurance. The Township has \$175 of imprest cash at June 30, 2020.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Township will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and investing through pre-approved third-party custodians.

**TOWNSHIP OF SOMERSET  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Interest Rate Risk

The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing the investment portfolio with the objective of obtaining a rate of return throughout the budgetary and economic cycles, considering the investment risk constraints and the cash flow characteristics of the portfolio.

|                | Fair Value | Weighted<br>Average<br>Maturity |
|----------------|------------|---------------------------------|
| Michigan CLASS | \$ 991,014 | 54 days                         |

Concentration of Credit Risk

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township investment in a single issuer, by diversifying the investment portfolio by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As of June 30, 2020, the Township did not have any investments that would be subject to rating.

|                | Fair Value | Rating | Rating Agency     |
|----------------|------------|--------|-------------------|
| Michigan CLASS | \$ 991,014 | AAAm   | Standard & Poor's |

Foreign Currency Risk

The Township is not authorized to invest in investments which have this type of risk.

Fair Value Measurements

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. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

**TOWNSHIP OF SOMERSET  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Investments in Entities that Calculate Net Asset Value Per Share

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

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program 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, school districts, authorities, and other public agencies.

At the year ended June 30, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

|                | Fair<br>Value | Unfunded<br>Commitments | Redemption<br>Frequency,<br>if Eligible | Redemption<br>Notice Period |
|----------------|---------------|-------------------------|---|-----------------------------|
| Michigan CLASS | \$ 991,014    | \$ -                    | No restrictions                         | None                        |

The cash and cash equivalents and investments referred to above have been reported under the cash and cash equivalents and investment captions on the financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of June 30, 2020:

|                           | Primary<br>Government | Fiduciary<br>Fund | Total               |
|---------------------------|-----------------------|-------------------|---------------------|
| Cash and cash equivalents | \$ 1,519,665          | \$ 5,979          | \$ 1,525,644        |
| Investments - noncurrent  | 296,774               | -                 | 296,774             |
|                           | <u>\$ 1,816,439</u>   | <u>\$ 5,979</u>   | <u>\$ 1,822,418</u> |



**TOWNSHIP OF SOMERSET  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES**

The amount of interfund receivables and payables at June 30, 2020, are as follows:

|  |                         |
|--|-------------------------|
| Due to General Fund from<br>Fire Fund                | <u><u>\$ 66,304</u></u> |
| Due to Police Fund from<br>Fire Fund                 | <u><u>\$ 216</u></u>    |
| Due to nonmajor governmental funds from<br>Fire Fund | <u><u>\$ 337</u></u>    |

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

**NOTE 4 - INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers have been eliminated.

|  |                          |
|--|--------------------------|
| Transfer to Fire Fund from<br>General Fund   | <u><u>\$ 70,000</u></u>  |
| Transfer to Police Fund from<br>General Fund | <u><u>\$ 158,484</u></u> |
| Transfer to Road Fund from<br>General Fund   | <u><u>\$ 63,927</u></u>  |

Transfers from the General Fund are to fund current year operations.

**TOWNSHIP OF SOMERSET  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020, was as follows:

|  | Balance<br>July 1, 2019 | Additions   | Deletions | Balance<br>June 30, 2020 |
|--|-------------------------|-------------|-----------|--------------------------|
| <b>Governmental activities</b>         |                         |             |           |                          |
| Capital assets not being depreciated   |                         |             |           |                          |
| Land                                   | \$ 226,100              | \$ -        | \$ -      | \$ 226,100               |
| Capital assets being depreciated       |                         |             |           |                          |
| Buildings and improvements             | 1,031,320               | -           | -         | 1,031,320                |
| Furniture and fixtures                 | 183,652                 | 12,840      | (18,564)  | 177,928                  |
| Machinery and equipment                | 522,842                 | 43,615      | -         | 566,457                  |
| Vehicles                               | 1,438,615               | -           | -         | 1,438,615                |
| Total capital assets being depreciated | 3,176,429               | 56,455      | (18,564)  | 3,214,320                |
| Less accumulated depreciation for      |                         |             |           |                          |
| Buildings and improvements             | (604,413)               | (32,602)    | -         | (637,015)                |
| Furniture and fixtures                 | (157,445)               | (4,725)     | 18,564    | (143,606)                |
| Machinery and equipment                | (334,424)               | (27,555)    | -         | (361,979)                |
| Vehicles                               | (597,090)               | (88,585)    | -         | (685,675)                |
| Total accumulated depreciation         | (1,693,372)             | (153,467)   | 18,564    | (1,828,275)              |
| Net capital assets being depreciated   | 1,483,057               | (97,012)    | -         | 1,386,045                |
| Net capital assets                     | \$ 1,709,157            | \$ (97,012) | \$ -      | \$ 1,612,145             |

Depreciation expense was charged to the following governmental activities:

|                        |            |
|------------------------|------------|
| General government     | \$ 16,881  |
| Recreation and culture | 12,277     |
| Public safety          | 124,309    |
| Total                  | \$ 153,467 |

- ☐ TWP MUNICIPAL BLDG
- ☐ BARNETT PARK & SEWER
- ☐ Mc COURTIE PARK
- ☐ JEROME COMMUNITY BLDG
- ☐ SOMERSET CEMETERY
- ☐ SOMERSET CEMETERY
- ☐ ALDRICH WEST CEMETERY
- ☐ ALDRICH EAST CEMETERY
- ☐ JEROME CEMETERY

**TOWNSHIP OF SOMERSET  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations (including current portion) of the Township for the year ended June 30, 2020:

|                      | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Deletions</u>  | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|----------------------|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Direct Borrowing     |                              |                  |                   |                           |                                |
| Commercial Loan      | \$ 152,544                   | \$ -             | \$ 152,544        | \$ -                      | \$ -                           |
| Compensated Absences | 7,542                        | 12,182           | 16,302            | 3,422                     | 3,422                          |
|                      | <u>\$ 160,086</u>            | <u>\$ 12,182</u> | <u>\$ 168,846</u> | <u>\$ 3,422</u>           | <u>\$ 3,422</u>                |

Compensated Absences

Individual employees have vested rights upon termination of employment to receive payments for unused sick and vacation. The dollar amounts of these vested rights including related payroll taxes, have been accrued on the government-wide financial statements. The total liability amounted to approximately \$3,422 at June 30, 2020.

**NOTE 7 - RISK MANAGEMENT**

The Township maintains commercial insurance coverage for property, liability, wrongful acts, law enforcement, automobile, bond, crime, inland marine, boiler, EDP, and workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 8 - RESTRICTED NET POSITION**

Restriction of net position shown in the government-wide financial statements indicate that restriction imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various restrictions in net position as of June 30, 2020:

|                      |                   |
|----------------------|-------------------|
| Public safety        | \$ 207,385        |
| Capital improvements | 157,085           |
| Perpetual care       | 635               |
| Parks and recreation | 135,951           |
| Public works         | <u>35,610</u>     |
|                      | <u>\$ 536,666</u> |

**TOWNSHIP OF SOMERSET  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - NEW ACCOUNTING STANDARDS**

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The Township has one fund that meets the criteria (a custodial fund for tax collections).

**NOTE 10 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement will increase the usefulness of government's financial statements by requiring 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. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021-2022 fiscal year.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangement*. The statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

**NOTE 11 - UNCERTAINTIES**

The extent of the impact of COVID-19 on the Township's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on services, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition and results of operations is uncertain.



**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF SOMERSET  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2020**

|                                     | Budgeted Amounts |                | Actual         | Variance with<br>Final Budget |
|-------------------------------------|------------------|----------------|----------------|-------------------------------|
|                                     | Original         | Final          |                |                               |
| <b>REVENUES</b>                     |                  |                |                |                               |
| Taxes                               | \$ 201,351       | \$ 201,351     | \$ 206,192     | \$ 4,841                      |
| Fees and fines                      | 10,000           | 10,000         | 11,387         | 1,387                         |
| Licenses and permits                | 78,200           | 78,200         | 78,902         | 702                           |
| Intergovernmental                   | 406,079          | 406,079        | 402,164        | (3,915)                       |
| Charges for services                | 91,100           | 91,100         | 98,771         | 7,671                         |
| Interest and rents                  | 7,350            | 7,350          | 37,373         | 30,023                        |
| Other                               | 5,200            | 5,200          | 14,135         | 8,935                         |
| <b>TOTAL REVENUES</b>               | <u>799,280</u>   | <u>799,280</u> | <u>848,924</u> | <u>49,644</u>                 |
| <b>EXPENDITURES</b>                 |                  |                |                |                               |
| Current                             |                  |                |                |                               |
| General government                  |                  |                |                |                               |
| Township board                      | 12,650           | 12,750         | 14,728         | (1,978)                       |
| Supervisor                          | 17,150           | 17,150         | 16,199         | 951                           |
| Treasurer                           | 59,500           | 59,500         | 52,416         | 7,084                         |
| Assessor                            | 91,600           | 91,600         | 94,318         | (2,718)                       |
| Clerk                               | 50,986           | 52,186         | 49,282         | 2,904                         |
| Elections                           | 18,800           | 18,800         | 6,579          | 12,221                        |
| Building and grounds                | 58,100           | 58,100         | 37,824         | 20,276                        |
| Board of review                     | 1,520            | 1,820          | 1,020          | 800                           |
| Professional fees                   | 33,200           | 33,200         | 34,864         | (1,664)                       |
| Data and computer processing        | 1,500            | 1,500          | -              | 1,500                         |
| Utilities                           | 28,500           | 28,500         | 24,937         | 3,563                         |
| Other                               | 43,150           | 43,150         | 30,256         | 12,894                        |
| <b>Total general government</b>     | <u>416,656</u>   | <u>418,256</u> | <u>362,423</u> | <u>55,833</u>                 |
| Public safety                       |                  |                |                |                               |
| Inspections                         | 25,000           | 26,600         | 29,572         | (2,972)                       |
| Public works                        |                  |                |                |                               |
| Cemetery                            | 29,500           | 29,500         | 28,675         | 825                           |
| Sanitation and cleanup              | 3,000            | 3,000          | -              | 3,000                         |
| Drain assessment                    | 2,000            | 2,000          | -              | 2,000                         |
| Street Lighting                     | -                | -              | 74             | (74)                          |
| <b>Total public works</b>           | <u>34,500</u>    | <u>34,500</u>  | <u>28,749</u>  | <u>5,751</u>                  |
| Recreation and culture              |                  |                |                |                               |
| Fireworks                           | 10,000           | 10,000         | 10,000         | -                             |
| Library                             | 26,450           | 26,450         | 19,779         | 6,671                         |
| <b>Total recreation and culture</b> | <u>36,450</u>    | <u>36,450</u>  | <u>29,779</u>  | <u>6,671</u>                  |

**TOWNSHIP OF SOMERSET  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (continued)  
YEAR ENDED JUNE 30, 2020**

|   | Budgeted Amounts |              | Actual       | Variance with<br>Final Budget |
|---|------------------|--------------|--------------|-------------------------------|
|   | Original         | Final        |              |                               |
| EXPENDITURES (continued)                |                  |              |              |                               |
| Current (continued)                     |                  |              |              |                               |
| Community and economic development      |                  |              |              |                               |
| Planning and zoning                     | \$ 26,700        | \$ 32,300    | \$ 15,163    | \$ 17,137                     |
| TOTAL EXPENDITURES                      | 539,306          | 548,106      | 465,686      | 82,420                        |
| EXCESS OF REVENUES<br>OVER EXPENDITURES | 259,974          | 251,174      | 383,238      | 132,064                       |
| OTHER FINANCING (USES)                  |                  |              |              |                               |
| Transfer out                            | (259,974)        | (259,974)    | (292,411)    | (32,437)                      |
| NET CHANGE IN FUND BALANCE              | -                | (8,800)      | 90,827       | 99,627                        |
| Fund balance, beginning of year         | 1,323,825        | 1,323,825    | 1,323,825    | -                             |
| Fund balance, end of year               | \$ 1,323,825     | \$ 1,315,025 | \$ 1,414,652 | \$ 99,627                     |



**TOWNSHIP OF SOMERSET  
FIRE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2020**

|  | Budgeted Amounts |                  | Actual            | Variance with<br>Final Budget |
|--|------------------|------------------|-------------------|-------------------------------|
|  | Original         | Final            |                   |                               |
| <b>REVENUES</b>                                    |                  |                  |                   |                               |
| Taxes  | \$ 154,632       | \$ 154,632       | \$ 154,324        | \$ (308)                      |
| Charges for services                               | 452,440          | 452,440          | 470,937           | 18,497                        |
| Interest   | 500              | 500              | 1,561             | 1,061                         |
| Other  | 2,700            | 2,700            | 4,769             | 2,069                         |
| <b>TOTAL REVENUES</b>                              | <u>610,272</u>   | <u>610,272</u>   | <u>631,591</u>    | <u>21,319</u>                 |
| <b>EXPENDITURES</b>                                |                  |                  |                   |                               |
| Current  |                  |                  |                   |                               |
| Public safety                                      |                  |                  |                   |                               |
| Personnel services                                 | 421,000          | 421,400          | 382,531           | 38,869                        |
| Payroll taxes and benefits                         | 65,000           | 65,000           | 54,881            | 10,119                        |
| Supplies   | 53,534           | 53,534           | 40,443            | 13,091                        |
| Fuel   | 15,000           | 15,000           | 9,345             | 5,655                         |
| Repairs and maintenance                            | 33,500           | 33,500           | 28,646            | 4,854                         |
| Insurance  | 16,000           | 16,000           | 13,262            | 2,738                         |
| Telephone  | 1,300            | 1,300            | 1,234             | 66                            |
| Printing and publishing                            | 50               | 50               | -                 | 50                            |
| Education and training                             | 14,000           | 14,000           | 6,496             | 7,504                         |
| Contracted services                                | 20,000           | 20,000           | 14,727            | 5,273                         |
| Dues and subscriptions                             | 2,000            | 2,000            | 475               | 1,525                         |
| Other  | 25               | 25               | -                 | 25                            |
| <b>Total public safety</b>                         | <u>641,409</u>   | <u>641,809</u>   | <u>552,040</u>    | <u>89,769</u>                 |
| Debt service                                       |                  |                  |                   |                               |
| Principal payments                                 | 87,563           | 87,563           | 152,548           | (64,985)                      |
| Interest   | 5,000            | 5,000            | 2,333             | 2,667                         |
| <b>Total debt service</b>                          | <u>92,563</u>    | <u>92,563</u>    | <u>154,881</u>    | <u>(62,318)</u>               |
| <b>TOTAL EXPENDITURES</b>                          | <u>733,972</u>   | <u>734,372</u>   | <u>706,921</u>    | <u>27,451</u>                 |
| <b>EXCESS OF REVENUES<br/>(UNDER) EXPENDITURES</b> | <u>(123,700)</u> | <u>(124,100)</u> | <u>(75,330)</u>   | <u>48,770</u>                 |
| <b>OTHER FINANCING SOURCES</b>                     |                  |                  |                   |                               |
| Transfers in                                       | 37,563           | 37,563           | 70,000            | 32,437                        |
| <b>NET CHANGE IN FUND BALANCE</b>                  | <u>(86,137)</u>  | <u>(86,537)</u>  | <u>(5,330)</u>    | <u>81,207</u>                 |
| Fund balance, beginning of year                    | 176,156          | 176,156          | 176,156           | -                             |
| Fund balance, end of year                          | <u>\$ 90,019</u> | <u>\$ 89,619</u> | <u>\$ 170,826</u> | <u>\$ 81,207</u>              |

**TOWNSHIP OF SOMERSET  
POLICE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2020**

|  | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget |
|--|------------------|------------------|------------------|-------------------------------|
|  | Original         | Final            |                  |                               |
| <b>REVENUES</b>                                    |                  |                  |                  |                               |
| Taxes  | \$ 102,971       | \$ 102,971       | \$ 102,875       | \$ (96)                       |
| Charges for services                               | -                | -                | 933              | 933                           |
| Fines and forfeits                                 | 3,500            | 3,500            | 1,867            | (1,633)                       |
| Interest and rents                                 | -                | -                | 594              | 594                           |
| Other  | 2,650            | 2,650            | 2,491            | (159)                         |
| <b>TOTAL REVENUES</b>                              | <u>109,121</u>   | <u>109,121</u>   | <u>108,760</u>   | <u>(361)</u>                  |
| <b>EXPENDITURES</b>                                |                  |                  |                  |                               |
| Current  |                  |                  |                  |                               |
| Public safety                                      |                  |                  |                  |                               |
| Personnel services                                 | 148,605          | 150,605          | 144,700          | 5,905                         |
| Payroll taxes and benefits                         | 60,000           | 64,000           | 71,391           | (7,391)                       |
| Supplies   | 10,750           | 10,750           | 5,486            | 5,264                         |
| Fuel   | 10,000           | 10,000           | 5,902            | 4,098                         |
| Repairs and maintenance                            | 6,100            | 6,100            | 3,453            | 2,647                         |
| Insurance  | 18,500           | 18,500           | 17,302           | 1,198                         |
| Telephone  | 2,650            | 2,650            | 1,970            | 680                           |
| Education and training                             | 7,500            | 7,500            | 645              | 6,855                         |
| Professional fees                                  | 1,000            | 1,000            | 88               | 912                           |
| Dues and subscriptions                             | 500              | 500              | 491              | 9                             |
| Other  | 2,000            | 2,000            | 2,543            | (543)                         |
| <b>TOTAL EXPENDITURES</b>                          | <u>267,605</u>   | <u>273,605</u>   | <u>253,971</u>   | <u>19,634</u>                 |
| <b>EXCESS OF REVENUES<br/>(UNDER) EXPENDITURES</b> | <u>(158,484)</u> | <u>(164,484)</u> | <u>(145,211)</u> | <u>19,273</u>                 |
| <b>OTHER FINANCING SOURCES</b>                     |                  |                  |                  |                               |
| Transfer in  | <u>158,484</u>   | <u>158,484</u>   | <u>158,484</u>   | <u>-</u>                      |
| <b>NET CHANGE IN FUND BALANCE</b>                  | <u>-</u>         | <u>(6,000)</u>   | <u>13,273</u>    | <u>19,273</u>                 |
| Fund balance, beginning of year                    | <u>23,286</u>    | <u>23,286</u>    | <u>23,286</u>    | <u>-</u>                      |
| Fund balance, end of year                          | <u>\$ 23,286</u> | <u>\$ 17,286</u> | <u>\$ 36,559</u> | <u>\$ 19,273</u>              |

**TOWNSHIP OF SOMERSET  
ROAD FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2020**

|  | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget |
|--|------------------|------------------|------------------|-------------------------------|
|  | Original         | Final            |                  |                               |
| <b>REVENUES</b>  |                  |                  |                  |                               |
| Taxes  | \$ 51,389        | \$ 51,389        | \$ 51,404        | \$ 15                         |
| Intergovernmental                                      | 4,884            | 4,884            | 6,152            | 1,268                         |
| Interest   | 800              | 800              | 1,250            | 450                           |
| <b>TOTAL REVENUES</b>                                  | <u>57,073</u>    | <u>57,073</u>    | <u>58,806</u>    | <u>1,733</u>                  |
| <b>EXPENDITURES</b>                                    |                  |                  |                  |                               |
| Current  |                  |                  |                  |                               |
| Public works   |                  |                  |                  |                               |
| Road maintenance                                       | 213,500          | 213,500          | 189,417          | 24,083                        |
| Insurance  | 7,500            | 7,500            | -                | 7,500                         |
| <b>TOTAL EXPENDITURES</b>                              | <u>221,000</u>   | <u>221,000</u>   | <u>189,417</u>   | <u>31,583</u>                 |
| <b>EXCESS OF REVENUES<br/>    (UNDER) EXPENDITURES</b> | <u>(163,927)</u> | <u>(163,927)</u> | <u>(130,611)</u> | <u>33,316</u>                 |
| <b>OTHER FINANCING SOURCES</b>                         |                  |                  |                  |                               |
| Transfer In  | 63,927           | 63,927           | 63,927           | -                             |
| <b>NET CHANGE IN FUND BALANCE</b>                      | <u>(100,000)</u> | <u>(100,000)</u> | <u>(66,684)</u>  | <u>33,316</u>                 |
| Fund balance, beginning of year                        | <u>102,294</u>   | <u>102,294</u>   | <u>102,294</u>   | <u>-</u>                      |
| Fund balance, end of year                              | <u>\$ 2,294</u>  | <u>\$ 2,294</u>  | <u>\$ 35,610</u> | <u>\$ 33,316</u>              |

**TOWNSHIP OF SOMERSET  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020**

**NOTE 1 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Michigan Public Act 621 of 1978, Section 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amounts appropriated. The Township's budgeted expenditures in the General Fund have been adopted at the activity level and at the total fund level for the Special Revenue Funds.

During the year ended June 30, 2020, the Township incurred expenditures in excess of the amounts appropriated as follows:

|                    | <u>Amounts<br/>Appropriated</u> | <u>Amounts<br/>Expended</u> | <u>Variance</u> |
|--------------------|---------------------------------|-----------------------------|-----------------|
| General Fund       |                                 |                             |                 |
| General Government |                                 |                             |                 |
| Township board     | \$ 12,750                       | \$ 14,728                   | \$ 1,978        |
| Assessor           | 91,600                          | 94,318                      | 2,718           |
| Professional fees  | 33,200                          | 34,864                      | 1,664           |
| Public Safety      |                                 |                             |                 |
| Inspections        | 26,600                          | 29,572                      | 2,972           |
| Public Works       |                                 |                             |                 |
| Street Lighting    | -                               | 74                          | 74              |
| Transfers out      | 259,974                         | 292,411                     | 32,437          |



**OTHER SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF SOMERSET  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2020**

|  | Special<br>Revenue<br><u>Parks and<br/>Recreation</u> | Capital<br>Projects<br><u>Improvement<br/>Fund</u> | <u>Total</u>      |
|--|---|--|-------------------|
| <b>ASSETS</b>                                  |   |  |                   |
| Cash and cash equivalents                      | \$ 95,121   | \$ 144,157   | \$ 239,278        |
| Investments                                    | 37,310  | 17,051   | 54,361            |
| Accounts receivables                           | 244   | -  | 244               |
| Due from other governmental units              | 2,939   | 2,939  | 5,878             |
| Due from other funds                           | 337   | -  | 337               |
| <b>TOTAL ASSETS</b>                            | <u>\$ 135,951</u>                                     | <u>\$ 164,147</u>                                  | <u>\$ 300,098</u> |
| <b>LIABILITIES</b>                             |   |  |                   |
| Accounts payable                               | \$ -  | \$ 7,062   | \$ 7,062          |
| <b>FUND BALANCES</b>                           |   |  |                   |
| Restricted for parks and recreation            | 135,951   | -  | 135,951           |
| Restricted for capital improvements            | -   | 157,085  | 157,085           |
| <b>TOTAL FUND BALANCES</b>                     | <u>135,951</u>  | <u>157,085</u>                                     | <u>293,036</u>    |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <u>\$ 135,951</u>                                     | <u>\$ 164,147</u>                                  | <u>\$ 300,098</u> |

**TOWNSHIP OF SOMERSET  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2020**

|   | Special<br>Revenue<br><u>Parks and<br/>Recreation</u> | Capital<br>Projects<br><u>Improvement<br/>Fund</u> | <u>Total</u>      |
|---|---|--|-------------------|
| <b>REVENUES</b>                                 |   |  |                   |
| Taxes   | \$ 51,404   | \$ 51,404  | \$ 102,808        |
| Interest and rents                              | 3,845   | 2,820  | 6,665             |
| Other   | 259   | -  | 259               |
| <b>TOTAL REVENUES</b>                           | <u>55,508</u>   | <u>54,224</u>                                      | <u>109,732</u>    |
| <b>EXPENDITURES</b>                             |   |  |                   |
| Current   |   |  |                   |
| Recreation and culture                          | 26,697  | -  | 26,697            |
| Capital outlay                                  | -   | 43,529   | 43,529            |
| <b>TOTAL EXPENDITURES</b>                       | <u>26,697</u>   | <u>43,529</u>                                      | <u>70,226</u>     |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> | 28,811  | 10,695   | 39,506            |
| Fund balances, beginning of year                | <u>107,140</u>  | <u>146,390</u>                                     | <u>253,530</u>    |
| Fund balances, end of year                      | <u>\$ 135,951</u>                                     | <u>\$ 157,085</u>                                  | <u>\$ 293,036</u> |



