

**Seville Township
Audited Financial Statements
March 31, 2024**



Boge, Wybenga & Bradley, P.C.
Certified Public Accountants

**Seville Township
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March 31, 2024**

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Daniel J. Boge, CPA
Herbert L. Wybenga, Retired
Steven G. Bradley, Retired
Michael E. Zeien, CPA
E. Lynn Pohl, Retired



Patrick W. Travis, EA
Ryan B. Boge, CPA
Walker T. VanHoose, CPA
Adam J. House, CPA
Ramie R. Harrison, CPA
Nicole L. Wisney, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Seville Township
Elwell, MI

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Seville Township ("the Township") as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of March 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit is conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The Library Component Unit Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Library Component Unit Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Roger Wybenga & Bradley PC

Mt. Pleasant, MI
September 27, 2024

Management's Discussion and Analysis

Seville Township Management's Discussion and Analysis March 31, 2024

Our discussion and analysis provides an overview of Seville Township's financial activities for the fiscal year ended March 31, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis, the basic financial statements, the required supplementary information and the other supplementary information. The basic financial statements include two kinds of statements that present different views of the Township:

1. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status. These statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The two government-wide statements report the Township's net position and how it has changed. "Net position" is the difference between the assets and liabilities and is one way to measure the Township's financial health.
2. The remaining statements are fund financial statements which focus on individual funds and report the operations in more detail than the government-wide statements.

Government-Wide Financial Statements

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

The Statement of Activities presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in past or future fiscal periods (for instance, depreciation expense associated with capital assets).

The government-wide financial statements include all of the governmental activities of the Township itself (known as the Primary Government). The governmental activities include the General Fund and Fire and Rescue Fund. The Township also reports a separate component unit for its library.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other units of state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The activity of the Township is accounted for in governmental funds.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds

Governmental funds are used to account for essentially the same function reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, 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 the fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the 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 Township's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental fund statements and the government-wide statements.

The Township maintains two governmental funds (the General Fund and the Fire and Rescue Fund). Information for the funds is presented in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.

The Township adopts annual appropriated budgets for its General Fund and Fire and Rescue Fund. Budgetary Comparison Schedules have been provided herein to demonstrate compliance with the budget and can be found on pages 24-25 of this report.

Custodial Funds

The Township administers a custodial fund. The Tax Collection Fund is a custodial fund and is used to account for resources held by the Township in a purely custodial capacity. Activity in this fund represents deposits from current tax collections and payments to taxing agencies. At year-end, the Tax Collection Fund had no assets or liabilities. Activity of the Tax Collection Fund is excluded from the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the Township's financial statements. The Notes to the Financial Statements can be found on pages 16-23 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this Management's Discussion and Analysis and the Budgetary Comparison Schedules for the Township's General Fund and Fire and Rescue Fund.

This report also presents other supplementary information related to the financial statements for the Township's discretely presented component unit ("the Library").

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

FINANCIAL HIGHLIGHTS

The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$864,675 (net position), an increase of \$142,709 from the prior year. Of this amount, \$50,596 was invested in capital assets, \$240,259 was restricted for fire and rescue services, \$61,863 was restricted for unspent marijuana administration fees and the remaining balance of \$511,957 (unrestricted net position) may be used to meet the Township's ongoing obligations to citizens.

At the close of the current fiscal year, the Township's General Fund reported an ending fund balance of \$573,820, an increase of \$81,779 in comparison with the prior year. Of this amount, \$3,481 is nonspendable prepaid items, \$61,863 was restricted for unspent marijuana administration fees and the remaining (unassigned) fund balance of \$508,476 is available for spending at the Township's discretion. The Township's Fire & Rescue Fund reported an ending fund balance of \$240,259, an increase of \$56,486 in comparison with the prior year. This amount is restricted for fire and rescue services.

Government-Wide Financial Analysis

As noted earlier, over time net position may serve as a useful indicator of the Township's financial position. In the case of Seville Township, assets exceeded liabilities by \$864,675 at the close of the most recent fiscal year. The Township had no long-term debt.

Approximately 6% of the Township's total net position represents its investment in capital assets (e.g., land, buildings and improvements, equipment and vehicles), net of accumulated depreciation. The Township uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

The table below shows a condensed, comparative Statement of Net Position:

	2024	2022
Assets		
Current assets	\$ 1,041,661	\$ 745,700
Noncurrent assets	<u>50,596</u>	<u>49,860</u>
Total assets	1,092,257	795,560
Liabilities		
Current liabilities	227,582	113,974
Net position		
Net investment in capital assets	50,596	49,860
Restricted for:		
Fire and rescue services	240,259	198,180
Marijuana administration	61,863	90,000
Unrestricted	<u>511,957</u>	<u>343,546</u>
Total net position	<u>\$ 864,675</u>	<u>\$ 681,586</u>

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

FINANCIAL HIGHLIGHTS (CONTINUED)

Government-Wide Financial Analysis (continued)

The table below shows a condensed, comparative Statement of Activities:

	2024	2022
Revenue		
Program revenues		
Charges for services	\$ 60,632	\$ 67,303
Operating grants and contributions	5,964	7,731
General revenues		
Property taxes	181,603	160,996
State grants	233,018	225,927
Investment earnings	10,849	748
Other	<u>9,049</u>	<u>6,200</u>
 Total revenue	 501,115	 468,905
Expenses		
General government	157,581	139,531
Public safety	69,446	76,946
Public works	120,273	121,230
Community and economic development	<u>11,106</u>	<u>12,033</u>
 Total expenses	 <u>358,406</u>	 <u>349,740</u>
 Change in net position	 142,709	 119,165
 Net position - beginning of the year	 <u>721,966</u>	 <u>562,421</u>
 Net position - end of the year	 <u>\$ 864,675</u>	 <u>\$ 681,586</u>

Governmental Funds

The focus of the Township's governmental funds financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the primary operating fund of the Township. At the end of the current fiscal year, the total unassigned fund balance of the General Fund was \$508,476. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to the General Fund total expenditures. Unassigned fund balance represents approximately 173% of the total General Fund expenditures incurred in the current year.

Budgetary Highlights

Budget to actual comparisons for the Township's General Fund and Fire and Rescue Fund were generally favorable with the exception of General Fund public works. During the year, the Township's actual General Fund public works expenditures exceeded budgeted amounts by \$4,404.

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

CAPITAL ASSETS

The Township's net investment in capital assets at year-end was \$50,596. Net capital asset includes land, buildings and improvements and equipment, net of accumulated depreciation. The Township had one capital asset addition and no capital asset disposals during the year.

	<u>Governmental</u>
Capital assets	
Land	\$ 32,414
Buildings and improvements	125,495
Equipment	31,263
Less: accumulated depreciation	<u>(138,576)</u>
Net capital assets	<u>\$ 50,596</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The board of trustees considered many factors when setting the fiscal year 2024-2025 budget. One of the factors is the economy. The Township derives approximately 74% of its revenues in the General Fund from the State of Michigan. The board attempts to spend the public's money wisely, equitably, and in the best interest of the citizens of Seville Township.

REQUESTS FOR INFORMATION

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's accountability for the money it receives. If you have questions about this report or need additional information, you may contact us at Seville Township, PO Box 222, Elwell, MI 48832, or by telephone at 989-463-6180.

Basic Financial Statements

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

	Primary Government	
	Governmental Activities	Component Unit (Library)
Assets		
Current assets		
Cash and cash equivalents	\$ 739,760	\$ 192,310
Investments	243,335	80,911
Receivables	13	-
Due from other governmental units	55,072	-
Prepaid items	3,481	1,477
Total current assets	1,041,661	274,698
Noncurrent assets		
Capital assets not being depreciated	32,414	-
Capital assets, net of accumulated depreciation	18,182	-
Total noncurrent assets	50,596	-
Total assets	1,092,257	274,698
Liabilities		
Current liabilities		
Accounts payable	6,992	757
Accrued liabilities	1,375	2,205
Unearned revenue	219,215	-
Total liabilities	227,582	2,962
Net position		
Net investment in capital assets	50,596	-
Restricted for:		
Fire and rescue services	240,259	-
Marijuana administration	61,863	-
Unrestricted	511,957	271,736
Total net position	\$ 864,675	\$ 271,736

The accompanying notes are an integral part of these financial statements

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary</u>	
				<u>Governmental Activities</u>	<u>Component Unit (Library)</u>
Primary government					
Governmental activities					
General government	\$ 157,581	\$ 60,632	\$ -	\$ (96,949)	\$ -
Public safety	69,446	-	-	(69,446)	-
Public works	120,273	-	5,964	(114,309)	-
Community and economic development	11,106	-	-	(11,106)	-
Total primary government	<u>\$ 358,406</u>	<u>\$ 60,632</u>	<u>\$ 5,964</u>	(291,810)	-
Component unit					
Library	<u>\$ 66,015</u>	<u>\$ -</u>	<u>\$ 68,034</u>	-	2,019
General revenue					
Property taxes				181,603	-
State grants				233,018	-
Penal fines				-	18,378
Investment earnings				10,849	1,885
Other revenue				9,049	1,576
Total general revenue				<u>434,519</u>	<u>21,839</u>
Change in net position				142,709	23,858
Net position - beginning of the year				<u>721,966</u>	<u>247,878</u>
Net position - end of the year				<u>\$ 864,675</u>	<u>\$ 271,736</u>

The accompanying notes are an integral part of these financial statements

**Seville Township
Governmental Funds Balance Sheet
March 31, 2024**

	General Fund	Fire and Rescue Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 606,595	\$ 133,165	\$ 739,760
Investments	143,335	100,000	243,335
Accounts receivable	13	-	13
Due from other governmental units	44,497	10,575	55,072
Prepaid items	3,481	-	3,481
Total assets	\$ 797,921	\$ 243,740	\$ 1,041,661
Liabilities			
Accounts payable	\$ 3,511	\$ 3,481	\$ 6,992
Accrued liabilities	1,375	-	1,375
Unearned revenue	219,215	-	219,215
Total liabilities	224,101	3,481	227,582
Fund balance			
Nonspendable prepaid items	3,481	-	3,481
Restricted for:			
Fire and rescue services	-	240,259	240,259
Marijuana administration	61,863	-	61,863
Unassigned	508,476	-	508,476
Total fund balance	573,820	240,259	814,079
Total liabilities and fund balance	\$ 797,921	\$ 243,740	\$ 1,041,661

The accompanying notes are an integral part of these financial statements

Seville Township
Reconciliation of Fund Balance of the Governmental Funds to
Net Position of Governmental Activities
March 31, 2024

Fund balance of the governmental funds	\$ 814,079
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Amounts reported for 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 funds.

Add: cost of capital assets	189,172
Deduct: accumulated depreciation	<u>(138,576)</u>

Net position of governmental activities	<u>\$ 864,675</u>
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Seville Township
Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended March 31, 2024

	General Fund	Fire and Rescue Fund	Total Governmental Funds
Revenue			
Property taxes	\$ 56,148	\$ 125,455	\$ 181,603
Licenses and permits	26,988	-	26,988
State grants	238,982	-	238,982
Charges for services	33,644	-	33,644
Interest and rentals	10,372	477	10,849
Other revenue	9,049	-	9,049
Total revenue	375,183	125,932	501,115
Expenditures			
General government	155,344	-	155,344
Public safety	-	69,446	69,446
Public works	118,664	-	118,664
Community and economic development	11,106	-	11,106
Capital outlay	8,290	-	8,290
Total expenditures	293,404	69,446	362,850
Net change in fund balance	81,779	56,486	138,265
Fund balance - beginning of the year	492,041	183,773	675,814
Fund balance - end of the year	<u>\$ 573,820</u>	<u>\$ 240,259</u>	<u>\$ 814,079</u>

The accompanying notes are an integral part of these financial statements

Seville Township
Reconciliation of Net Change in Fund Balance of Governmental Funds to
Change in Net Position of Governmental Activities
For the Year Ended March 31, 2024

Net change in fund balance of the governmental funds \$ 138,265

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

Capital outlays are reported as expenditures in funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

Deduct: depreciation expense	(3,846)
Add: capital outlay	<u>8,290</u>

Change in net position of governmental activities \$ 142,709

**Seville Township
Fiduciary Fund Statement of Net Position
March 31, 2024**

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
Assets	
Cash and cash equivalents	\$ -
Liabilities	
Undistributed deposits	-
Net position	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

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

	Custodial Fund
	Tax Collection
	Fund
Additions	
Tax collections	\$ 1,990,917
Other additions	1,555
	1,992,472
Total additions	1,992,472
Deductions	
Payments of taxes to other governments	1,990,917
Other deductions	1,555
	1,992,472
Total deductions	1,992,472
Change in net position	-
Net position - beginning of the year	-
Net position - end of the year	\$ -

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

Seville Township

Notes to the Financial Statements

March 31, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Seville Township ("the Township") conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies used by the Township.

Reporting Entity

The Township is governed by an elected five-member board. The Township receives funding from federal, state and local sources and must comply with all of the requirements of these funding source entities. However, the Township is not included in any other governmental reporting entity as defined by U.S. GAAP. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters.

Discretely Presented Component Unit

The component unit column in the financial statements includes the financial data of the Township's component unit ("the Library"). The Library is reported in a separate column to emphasize that, while legally separate, the Township remains financially accountable for this entity or the nature of significance of the relationship between this entity and the Township is such that the exclusion of the Library would render the financial statements misleading or incomplete. The governing body of the Library is elected and the Library's budget is subject to the approval of the Township board. The Library is included in the Township's audit and is not audited separately.

Jointly-Governed Organization

The Rural Urban Fire Board ("the Department") was created through Public Act 35 of 1951, as amended and Public Act 8, as amended. The agreement is made among the City of Alma, the Township of Arcada, Seville Township, the Township of Sumner and the Township of Pine River. The board consists of seven voting members, including the Supervisor of each of the Townships, the City Manager of Alma and two other individuals appointed by Alma's City Commission. The primary purpose of the Department is to provide fire protection services to its members.

The board approves an annual budget, and within the financial constraints of that budget and the authority granted by the agreement, the Department is managed by the City of Alma according to laws, rules and regulations applicable to the City of Alma as a municipal corporation. The employees of the Department are considered employees of the City of Alma. The financial activity of the Department is reported in the City of Alma's financial statements as a special revenue fund. The Township paid \$51,237 to the Department during the year ended March 31, 2024.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the government. Governmental activities normally supported by taxes and intergovernmental revenues are reported separately from business-type activities which rely to a significant extent on fees and charges for support. The effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Seville Township
Notes to the Financial Statements
March 31, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds and fiduciary funds. The Township administers a Tax Collection Fund. The Tax Collection Fund is a custodial fund and is used to account for resources held by the Township in a purely custodial capacity. Activity in this fund represents deposits from current tax collections and payments to taxing agencies. Activity of the Tax Collection Fund is excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Property taxes, permit revenue, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. However, debt service expenditures, expenditures relating to compensated absences, claims and judgments are recorded only when payment is due. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The Township property tax is levied each December 1 on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31. Real property taxes not collected as of March 1 are turned over to Gratiot County, which advances the Township 100% of the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

Fiduciary funds account for assets held by the Township as a trustee or custodial capacity on behalf of others and, therefore, are not available to support Township operations. The reporting focus is upon net position and changes in net position, and the fund employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support the Township's operations. The Township currently maintains a custodial fund to account for the monies collected and paid to various governmental entities for property tax collections.

The Township reports the following major funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government activities not required to be reported in a separate fund.

The *Fire and Rescue Fund* is used to account for the levy of property taxes related to providing fire protection and rescue services to the Township's citizens.

**Seville Township
Notes to the Financial Statements
March 31, 2024**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Additionally, the Township reports the following custodial fund:

The *Tax Collection Fund* is used to account for the collection and disbursement of taxes and special assessments of the Township and other governments in a custodial capacity.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, money market funds, demand deposits and other accounts with original maturities of 90 days or less.

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

Receivables and Payables

All receivables and payables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Accounts receivable and accounts payable represent amounts that have arisen in the ordinary course of business.

Due from Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan and amounts due from Gratiot County for delinquent taxes.

Inventories

The Township does not recognize supplies inventory as an asset. The cost of these supplies is considered immaterial to the financial statements and the quantities are not prone to wide fluctuation from year-to-year. The costs of such supplies are expensed when purchased.

Capital Assets

Capital assets, which include land, buildings and improvements and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Assets	Years
Land	Not Depreciated
Buildings and improvements	5-25
Equipment	2-10

Seville Township
Notes to the Financial Statements
March 31, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows/Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has no items that qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The Township has no items that qualify for reporting in this category.

Unearned Revenue

Amounts reported as unearned revenue represent grant funds received but not yet spent on allowable expenses/expenditures at March 31, 2024.

Fund Equity

The fund financial statements report the following components of fund balance:

Nonspendable

Amounts that are not in spendable form or are legally or contractually required to be maintained intact are reported as nonspendable fund balance.

Restricted

Amounts that are legally restricted by externally imposed constraints that are placed on the use of resources by grantors, contributors or laws or regulations of other governments are reported as restricted fund balance.

Committed

Amounts that have been formally set aside by the Township board for use for specific purposes are reported as committed fund balance. Commitments are made and can only be rescinded by resolution of the Township board.

Assigned

Amounts that are constrained by the Township's *intent* to be used for specific purposes, but are neither restricted nor committed are reported as assigned fund balance. The Township board has not adopted a policy to authorize anyone the authority to assign fund balance on behalf of the Township.

Unassigned

Amounts that have not been restricted, committed or assigned to specific purposes are reported as unassigned fund balance.

When the Township incurs expenditures for purposes for which various fund balance classifications can be used, it is the Township's policy to use restricted fund balance first, then committed fund balance, assigned fund balance and finally unassigned fund balance.

Seville Township
Notes to the Financial Statements
March 31, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Leases

The Township reports leasehold assets in accordance with Governmental Accounting Standards Board Statement 87, *Leases*. This standard necessitates the Township include in its financials all capital assets or liabilities which it holds either as a physical asset itself or the right to use an asset held by another party.

Subscription-Based Information Technology Arrangements

During the year ended March 31, 2024, the Township implemented changes to its reporting of information technology subscriptions as required by Governmental Accounting Standards Board Statement 96, *Subscription-Based Information Technology Arrangements* (SBITA's). This standard necessitates the Township include in its financials all assets and liabilities resulting from SBITA's. The Township did not have any asset or liability additions or other impacts in the current year as a result of implementing the new standard.

NOTE B - DEPOSITS AND INVESTMENTS

State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase
- Bankers acceptances of United States banks
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997

**Seville Township
Notes to the Financial Statements
March 31, 2024**

NOTE B - DEPOSITS AND INVESTMENTS (CONTINUED)

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

	Primary Government	Component Unit (Library)
Statement of Net Position		
Cash and cash equivalents	\$ 739,760	\$ 192,310
Investments	243,335	80,911
Total	\$ 983,095	\$ 273,221
Deposits and investments		
Checking/savings bank deposits	\$ 739,760	\$ 192,310
Certificates of deposit	243,335	80,911
Total	\$ 983,095	\$ 273,221

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. At year-end, the Township had bank deposits of \$515,911 that were uninsured.

NOTE C - PREPAID ITEMS

Prepaid items at March 31, 2024 consisted of the following:

Item	General Fund	Library Fund
Insurance	\$ 2,184	\$ -
Software agreement	870	1,431
Memberships and dues	427	46
Total	\$ 3,481	\$ 1,477

Seville Township
Notes to the Financial Statements
March 31, 2024

NOTE D - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 32,414	\$ -	\$ -	\$ 32,414
Capital assets being depreciated				
Buildings and improvements	117,205	8,290	-	125,495
Equipment	<u>31,263</u>	<u>-</u>	<u>-</u>	<u>31,263</u>
Total capital assets being depreciated	148,468	8,290	-	156,758
Less accumulated depreciation for:				
Buildings and improvements	(103,467)	(3,846)	-	(107,313)
Equipment	<u>(31,263)</u>	<u>-</u>	<u>-</u>	<u>(31,263)</u>
Total accumulated depreciation	<u>(134,730)</u>	<u>(3,846)</u>	<u>-</u>	<u>(138,576)</u>
Net capital assets being depreciated	<u>13,738</u>	<u>4,444</u>	<u>-</u>	<u>18,182</u>
Total capital assets	<u>\$ 46,152</u>	<u>\$ 4,444</u>	<u>\$ -</u>	<u>\$ 50,596</u>

Depreciation expense of \$2,237 was charged to general government and \$1,609 was charged to public works in the Statement of Activities.

Capital asset activity of the Township's component unit (Library) for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated				
Equipment	\$ 60,198	\$ -	\$ -	\$ 60,198
Less: accumulated depreciation for				
Equipment	<u>(60,198)</u>	<u>-</u>	<u>-</u>	<u>(60,198)</u>
Net capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

There was no depreciation expense charged to the component unit (Library) in the Statement of Activities.

Seville Township
Notes to the Financial Statements
March 31, 2024

NOTE E - PROPERTY TAXES

Township property taxes are attached as an enforceable lien on property as of December 1 and recorded in the Township ledgers as receivable as of that date. Township taxes are levied December 1 and are due without penalty on or before March 1. The December tax bills include the Township's own property taxes, special assessments and taxes billed on behalf of other local governments. Property taxes levied in December of each year and collected within sixty days after the fiscal year-end are recognized as revenue in that fiscal year.

The Township acts as a collection agent for other local governments for property taxes. Taxes collected on behalf of other local governments are turned over to them following collection and are accounted for in the custodial fund.

NOTE F - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers compensation). The Township has purchased commercial insurance for these types of claims. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

NOTE G - EVENTS OCCURRING AFTER REPORTING DATE

The Township has evaluated significant events and transactions that occurred through September 27, 2024, which is the date the financial statements were available to be issued, for potential recognition or disclosure in these financial statements. No such significant events or transactions were identified by management of the Township.

Required Supplementary Information

**Seville Township
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue				
Property taxes	\$ 40,100	\$ 40,100	\$ 56,148	\$ 16,048
Licenses and permits	42,500	42,500	26,988	(15,512)
State grants	194,000	194,000	238,982	44,982
Charges for services	20,500	20,500	33,644	13,144
Interest and rentals	500	500	10,372	9,872
Other revenue	-	-	9,049	9,049
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	297,600	297,600	375,183	77,583
Expenditures				
General government				
Township board	29,085	36,585	31,902	(4,683)
Supervisor	13,970	13,970	14,911	941
Treasurer	18,420	18,420	18,469	49
Clerk	17,295	18,395	18,163	(232)
Assessor	20,200	20,200	18,805	(1,395)
Elections	4,300	5,301	4,851	(450)
Buildings and grounds	50,400	51,910	48,243	(3,667)
	<hr/>	<hr/>	<hr/>	<hr/>
Total general government	153,670	164,781	155,344	(9,437)
Public works				
Road maintenance	93,000	81,225	79,018	(2,207)
Drains at large	16,000	16,000	12,261	(3,739)
Other public works	16,260	17,035	27,385	10,350
	<hr/>	<hr/>	<hr/>	<hr/>
Total public works	125,260	114,260	118,664	4,404
Community and economic development	11,200	11,200	11,106	(94)
Capital outlay	-	8,290	8,290	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	290,130	298,531	293,404	(5,127)
Net change in fund balance	7,470	(931)	81,779	82,710
Fund balance - beginning of the year	492,041	492,041	492,041	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - end of the year	\$ 499,511	\$ 491,110	\$ 573,820	\$ 82,710

The accompanying notes are an integral part of this required supplementary information

**Seville Township
Budgetary Comparison Schedule
Fire and Rescue Fund
For the Year Ended March 31, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue				
Property taxes	\$ 115,000	\$ 115,000	\$ 125,455	\$ 10,455
Interest income	-	-	477	477
Total revenue	115,000	115,000	125,932	10,932
Expenditures				
Public safety	84,000	87,050	69,446	(17,604)
Net change in fund balance	31,000	27,950	56,486	28,536
Fund balance - beginning of the year	183,773	183,773	183,773	-
Fund balance - end of the year	<u>\$ 214,773</u>	<u>\$ 211,723</u>	<u>\$ 240,259</u>	<u>\$ 28,536</u>

The accompanying notes are an integral part of this required supplementary information

Seville Township
Notes to the Required Supplementary Information
March 31, 2024

BUDGETARY INFORMATION

Comparisons to budget are presented for the General Fund and Fire and Rescue Fund, as required by U.S. GAAP. The Township follows the following procedures in establishing the budgetary data reflected in the financial statements:

- Prior to April 1, the budget is legally adopted on a functional level through passage of a Township board resolution. After the budget is adopted, all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or function must be approved by the Township board.
- Formal budgetary integration is employed as a management control device during the year.
- The Township does not use encumbrance accounting as an extension of formal budgetary integration. Appropriations unused at March 31 are not carried forward to the following fiscal year.
- Budgeted amounts are reported as originally adopted or amended by the Township board during the year.

During the year, the Township's General Fund had expenditures at the function level (legal level of budgetary control) that were in excess of the amounts appropriated (see below). Revenues and existing fund balance were sufficient to cover all expenditures.

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Public works	\$ 125,260	\$ 114,260	\$ 118,664	\$ 4,404

Other Supplementary Information

**Seville Township
Library Component Unit
Balance Sheet
March 31, 2024**

	<u>Library Component Unit</u>
Assets	
Cash	\$ 192,310
Investments	80,911
Prepaid items	<u>1,477</u>
Total assets	<u>\$ 274,698</u>
Liabilities	
Accounts payable	\$ 757
Accrued liabilities	<u>2,205</u>
Total liabilities	2,962
Fund balance	
Nonspendable prepaid items	1,477
Unassigned	<u>270,259</u>
Total fund balance	<u>271,736</u>
Total liabilities and fund balance	<u>\$ 274,698</u>

**Seville Township
Library Component Unit
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended March 31, 2024**

	<u>Library Component Unit</u>
Revenue	
Property taxes	\$ 68,034
Penal fines	18,378
Other	<u>3,461</u>
 Total revenue	 89,873
 Expenditures	
Recreation and culture	<u>66,015</u>
 Net change in fund balance	 23,858
 Fund balance - beginning of the year	 <u>247,878</u>
 Fund balance - end of the year	 <u>\$ 271,736</u>