

Lake Township, Roscommon County
Restated Financial Statements

For the Year Ended March 31, 2025

Lake Township, Roscommon County

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INDEPENDENT AUDITOR'S REPORT

To the Township Board
Lake Township
Roscommon County
Houghton Lake, Michigan

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Township (the "Township"), as of and for the year ended March 31, 2025, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of March 31, 2025, 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 (GAAS). 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 these 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 GAAS 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 GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining nonmajor fund 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.

Emphasis of Matter – Restatement of Financial Statements

As stated in Note 12, the financial statements have been restated to correct a material error from the previously issued financial statements. The error is related to the accrual of interest on various certificate of deposits. The restatement resulted in a decrease of \$14,043 overall change in fund balance and net position as of March 31, 2025. Our opinion is not modified with respect to this matter.

H&S Companies, P.C.

H & S Companies, P.C.
Cadillac, Michigan

October 29, 2025

**Lake Township, Roscommon County
Management's Discussion and Analysis
for the Year Ended March 31, 2025**

As management of Lake Township, Houghton Lake, Michigan (the "Township") we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the year ended March 31, 2025. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$3,182,449 (net position). Of this amount, \$1,298,923 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Township's net position increased by \$352,843 during the fiscal year.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,418,566. Approximately 40.0% of this amount, \$966,429 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) for the General Fund was \$966,429 or 256% of total General Fund expenditures.

Overview of the Financial Statements

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

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

The *Statement of Net Position* presents 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 future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, community and economic development, and recreation and culture, and other functions. The Township does not have any business-type activities.

**Lake Township, Roscommon County
Management's Discussion and Analysis
for the Year Ended March 31, 2025**

The government-wide financial statements can be found on pages 11-12.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township are governmental 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 *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 maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Equipment Fund, Fire Operating Fund, Trash Collection Fund, Sewer Capital Projects Fund, and Road Fund. These funds are considered to be major funds while the nonmajor funds are presented later in the report.

The Township adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule for each of the major funds has been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The Township maintains one type of fiduciary fund. The Custodial Fund reports resources that the Township holds in a custodial capacity for other governments. The accounting used for custodial funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 17-18 of this report.

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 19-29 of this report.

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

**Lake Township, Roscommon County
Management's Discussion and Analysis
for the Year Ended March 31, 2025**

Government-Wide Overall Financial Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$3,182,449 at the close of the most recent fiscal year.

**Lake Township
Net Position as of March 31,**

	<u>2025</u> <u>(Restated)</u>	<u>2023</u>
Current Assets	\$ 2,455,088	\$ 2,358,381
Non-Current Assets	<u>763,883</u>	<u>323,832</u>
Total Assets	<u>3,218,971</u>	<u>2,682,213</u>
Current Liabilities	<u>36,522</u>	<u>179,952</u>
Net Position		
Net Investment in Capital Assets	763,883	323,832
Restricted	1,119,643	997,348
Unrestricted	<u>1,298,923</u>	<u>1,181,081</u>
Total Net Position	<u>\$ 3,182,449</u>	<u>\$ 2,502,261</u>

The largest portion of the Township's net position, (\$1,298,923, or 40.8%), represents unrestricted resources that may be used to meet the Township's ongoing obligations to its citizens and creditors. Another portion of the Township's net position, (\$763,883, or 24.0%), reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less any related outstanding debt that was used to acquire those assets. The Township uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. The remaining balance of \$1,119,643 is restricted for specified purposes.

At the end of the current fiscal year, the Township is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior audited fiscal year.

The Township's overall net position increased \$352,843 from the prior audited fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities.

**Lake Township, Roscommon County
Management's Discussion and Analysis
for the Year Ended March 31, 2025**

**Lake Township
Change in Net Position for the Fiscal Year Ended March 31,**

	2025 <u>(Restated)</u>	<u>2023</u>
Program Revenues		
Charges for Services	\$ 24,598	\$ 39,133
Operating Grants and Contribution	170,055	182,650
General Revenues		
Property Taxes	691,598	520,599
State Shared Revenue	238,131	123,693
Investment Earnings	52,530	12,685
Other	39,507	5,783
Total Revenues	<u>1,216,419</u>	<u>884,543</u>
Expenses		
General Government	282,991	284,174
Public Safety	233,458	194,828
Public Works	339,028	289,176
Community and Economic Development	6,300	6,297
Recreation and Culture	1,799	-
Total Expenses	<u>863,576</u>	<u>774,475</u>
Change in Net Position	352,843	110,068
Net Position - Beginning of Year	<u>2,829,606</u>	<u>2,392,193</u>
Net Position - End of Year	<u><u>\$ 3,182,449</u></u>	<u><u>\$ 2,502,261</u></u>

The Township's overall net position increased \$352,843 from the prior fiscal year. The primary reason for this change is due to the Township receiving increased state marijuana related revenue, increases in the local tax property base, and additional grants, while budgeting conservatively for expenditures.

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$352,843 from the prior fiscal year for an ending balance of \$3,182,449. The most significant part of the revenue for all governmental activities of the Township comes from property taxes and state shared revenues. The Township levied 0.8642 mills for operating purposes, 1.4208 mills for fire operations, 0.7089 mills for fire equipment, and 0.7089 for roads. The Township's governmental activities expenses are dominated by the general government, public safety, and public works expenses. The Township spent \$339,028 in this fiscal year on public works, \$282,991 on general government, and \$233,458 on public safety.

**Lake Township, Roscommon County
Management's Discussion and Analysis
for the Year Ended March 31, 2025**

Financial Analysis of Governmental Funds

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

At the end of the current fiscal year, the Township's governmental funds reported combined fund balances of \$2,418,566, an increase of \$220,456 in comparison with the prior audited year. Approximately 40.0% of this amount (\$966,429) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that 1) not in spendable form (\$15,619), 2) legally required to be maintained intact, 3) restricted for particular purposes (\$1,119,643), 4) committed for particular purposes, or 5) assigned for particular purposes (\$316,875).

General Fund – The General Fund is the main operating fund of the Township. The General Fund increased its fund balance in this fiscal year by \$116,293, bringing the balance to \$981,394. The increase in fund balance is primarily due to new state marijuana revenues received during the fiscal year.

Fire Equipment Fund – The Fire Equipment Fund decreased its fund balance by \$20,250 which brings the fund balance to \$328,523. The decrease is due to the Township having substantial expenditures for equipment during the year. This balance is restricted and must be used for fire equipment.

Fire Operating Fund – The Fire Operating Fund increased its fund balance by \$114,859 which brings the fund balance to \$425,324. The increase is due to the Township's fire operating mileage collection outpacing operating expenditures. This balance is restricted and must be used for fire operations.

Trash Collection Fund – The Trash Collection Fund decreased its fund balance by \$14,452 which brings the fund balance to \$155,137. The decrease is due to the Township's special assessment for trash collection being less than trash collection expenditures. This balance is restricted and must be used for trash collection.

Sewer Capital Projects Fund – The Sewer Capital Projects Fund increased its fund balance by \$15,993 which brings the fund balance to \$316,875. The increase is due to interest earned during the year. The fund balance is assigned for capital improvements. The Township is evaluating what specific capital improvements will be completed in the future.

Road Fund – The Road Fund increased its fund balance by \$10,560 which brings the fund balance to \$173,672. The Road Fund had property tax revenues which exceed expenditures for the year. The increase is due to the Township's road mileage collection outpacing road expenditures. This balance is restricted and must be used for road improvements.

**Lake Township, Roscommon County
Management's Discussion and Analysis
for the Year Ended March 31, 2025**

General Fund Budgetary Highlights

Original budget compared to final budget - During the year there were no amendments to the budgeted revenues. During the year there were amendments to the budgeted expenditures. The most significant amendments for expenditures were increases for township board expenditures and building and grounds expenditures.

Final budget compared to actual results – The largest differences between the final budgeted revenues and the actual revenues were increases for property taxes, marijuana tax revenue, and recognition of ARPA funding that were received and not budgeted for. The largest differences between the final budgeted expenditures and the actual expenditures were decreases in general government, public safety, and parks and recreation expenditures due to budgeting conservatively in these departments and delays on the park development project.

A detailed summary of the original and final budget can be found on page 30 of this report.

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Total Revenues	\$ 350,239	\$ 350,239	\$ 525,808
Total Expenditures	\$ 797,010	\$ 835,113	\$ 377,515

Capital Assets

The Township's investment in capital assets for its primary government as of March 31, 2025, and 2023, amounted to \$763,883 and \$323,832 respectively (net of accumulated depreciation). Capital assets summarized below include any items purchased with a cost of \$5,000 and have an estimated useful life in excess of one year, plus all land:

Lake Township Capital Assets as of March 31,		
	2025	2023
Land	\$ 126,585	\$ 15,938
Construction in Progress	169,411	-
Building	454,539	454,539
Equipment and Furniture	15,748	15,748
Fire Equipment	1,245,418	932,269
Vehicles	236,942	236,942
	2,248,643	1,655,436
Less: Accumulated Depreciation	(1,484,760)	(1,331,604)
Net Capital Assets	\$ 763,883	\$ 323,832

**Lake Township, Roscommon County
Management's Discussion and Analysis
for the Year Ended March 31, 2025**

Major capital assets purchased during the fiscal year included:

- A 2001 Spartan Ladder truck in the amount of \$178,103, of which \$15,325 was paid in the prior year,
- A FD TK 821 compressor and alternator in the amount of \$7,282,
- Construction on the park development project in the amount of \$56,215.

Further details on capital assets can be found in the notes to the financial statements section of this report.

Economic Condition and Future Outlook

The Township continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2025-2026, the Township plans again to use current revenues to provide essential services as well as to maintain its financial stability over the course of the next fiscal year. The main source of revenue for the Township are property tax collection and state shared revenue funds, which are expected to rise slightly next year. Expenditures are also planned to remain consistent with the 2026 fiscal year.

Request for Information

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

Lake Township
PO Box 536
Houghton Lake MI 48629
Phone: (989) 202-4684

Lake Township, Roscommon County
Government-Wide Statement of Net Position (Restated)
March 31, 2025

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 2,341,327
Receivables	
Accounts	11,475
Taxes	33,145
Special Assessments	14,451
Interest	2,326
Prepaid Expenses	15,619
Due from Other Governments	36,745
Total Current Assets	2,455,088
Capital Assets	
Land	126,585
Construction in Progress	169,411
Building	454,539
Equipment and Furniture	15,748
Fire Equipment	1,245,418
Vehicles	236,942
	2,248,643
Less: Accumulated Depreciation	(1,484,760)
Net Capital Assets	763,883
Total Assets	3,218,971
LIABILITIES	
Current Liabilities	
Accounts Payable	19,068
Accrued Wages	17,454
Total Current Liabilities	36,522
NET POSITION	
Net Investment in Capital Assets	763,883
Restricted for	
Fire Protection	753,193
Trash Collection	155,137
Road Improvements	173,672
Liquor Law Enforcement	1,024
Cemetery	12,921
Street Lighting	23,696
Unrestricted	1,298,923
Total Net Position	\$ 3,182,449

The Accompanying Notes are an Integral Part of the Financial Statements.

Lake Township, Roscommon County
Government-Wide Statement of Activities (Restated)
For the Year Ended March 31, 2025

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Change in Net Position Totals	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary Government					
Governmental Activities					
General Government	\$ 282,991	\$ 20,688	\$ 3,516	\$ -	\$ (258,787)
Public Safety	233,458	-	4,209	-	(229,249)
Public Works	339,028	1,160	162,330	-	(175,538)
Community and Economic Development	6,300	2,750	-	-	(3,550)
Recreation and Culture	1,799	-	-	-	(1,799)
	<u>\$ 863,576</u>	<u>\$ 24,598</u>	<u>\$ 170,055</u>	<u>\$ -</u>	<u>(668,923)</u>
General Revenues					
Property Taxes, levied for					
General Purposes					212,513
Specific Purposes					479,085
State Grants					238,131
Investment Earnings					52,530
Other Revenue					39,507
					<u>1,021,766</u>
Change in Net Position					352,843
Net Position - Beginning of Year					<u>2,829,606</u>
Net Position - End of Year					<u>\$ 3,182,449</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

Lake Township, Roscommon County
Governmental Funds Balance Sheet (Restated)
March 31, 2025

	General Fund	Fire Equipment Fund	Fire Operating Fund (Restated)	Trash Collection Fund	Sewer Capital Projects Fund (Restated)	Road Fund	Nonmajor Funds	Totals
ASSETS								
Cash and Cash Equivalents	\$ 931,275	\$ 322,209	\$ 410,235	\$ 155,177	\$ 315,054	\$ 167,168	\$ 40,209	\$ 2,341,327
Accounts Receivable	3,483	-	7,992	-	-	-	-	11,475
Taxes Receivable	7,861	6,314	12,656	-	-	6,314	-	33,145
Special Assessment Receivable	-	-	-	14,451	-	-	-	14,451
Interest Receivable	-	-	505	-	1,821	-	-	2,326
Prepaid Expenditures	14,965	-	654	-	-	-	-	15,619
Due From Other Governments	36,555	-	-	-	-	190	-	36,745
Total Assets	\$ 994,139	\$ 328,523	\$ 432,042	\$ 169,628	\$ 316,875	\$ 173,672	\$ 40,209	\$ 2,455,088
LIABILITIES								
Accounts Payable	\$ 78	\$ -	\$ 1,931	\$ 14,491	\$ -	\$ -	\$ 2,568	\$ 19,068
Accrued Payroll	12,667	-	4,787	-	-	-	-	17,454
Total Liabilities	12,745	-	6,718	14,491	-	-	2,568	36,522
FUND BALANCES								
Nonspendable								
Prepaid Expenditures	14,965	-	654	-	-	-	-	15,619
Restricted for								
Fire Protection	-	328,523	424,670	-	-	-	-	753,193
Trash Collection	-	-	-	155,137	-	-	-	155,137
Road Improvements	-	-	-	-	-	173,672	-	173,672
Liquor Law Enforcement	-	-	-	-	-	-	1,024	1,024
Cemetery	-	-	-	-	-	-	12,921	12,921
Street Lighting	-	-	-	-	-	-	23,696	23,696
Assigned for Capital Projects	-	-	-	-	316,875	-	-	316,875
Unassigned	966,429	-	-	-	-	-	-	966,429
Total Fund Balance	981,394	328,523	425,324	155,137	316,875	173,672	37,641	2,418,566
Total Liabilities and Fund Balance	\$ 994,139	\$ 328,523	\$ 432,042	\$ 169,628	\$ 316,875	\$ 173,672	\$ 40,209	\$ 2,455,088

The Accompanying Notes are an Integral Part of the Financial Statements.

Lake Township, Roscommon County
Reconciliation of the Balance Sheet to the Statement of Net Position (Restated)
March 25, 2025

Total Governmental Fund Balances		\$ 2,418,566
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Total net position reported for governmental activities in the statement of net position are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:

Governmental Capital Assets	2,248,643	
Governmental Accumulated Depreciation	<u>(1,484,760)</u>	<u>763,883</u>
Total Net Position - Governmental Activities		<u><u>\$ 3,182,449</u></u>

Lake Township, Roscommon County
Governmental Funds Statement of Revenues, Expenditures,
and Change in Fund Balances (Restated)
for the Year Ended March 31, 2025

	General Fund	Fire Equipment Fund	Fire Operating Fund	Trash Collection Fund	Sewer Capital Projects Fund (Restated)	Road Fund	Nonmajor Funds	Totals
Revenues								
Property Taxes	\$ 212,513	\$ 119,750	\$ 239,837	\$ -	\$ -	\$ 119,498	\$ -	\$ 691,598
Federal Grants	3,516	-	-	-	-	-	-	3,516
State Grants	237,747	-	-	-	-	384	6,178	244,309
Licenses and Permits	15,312	-	-	-	-	-	-	15,312
Charges for Services	8,126	-	-	-	-	-	1,160	9,286
Interest and Rents	27,268	-	8,029	1,240	15,993	-	-	52,530
Other Revenue	21,326	10,000	8,181	176,660	-	-	-	216,167
Total Revenues	525,808	129,750	256,047	177,900	15,993	119,882	7,338	1,232,718
Expenditures								
General Government	355,112	-	-	-	-	-	-	355,112
Public Safety	14,304	150,000	141,188	-	-	-	4,531	310,023
Public Works	-	-	-	192,352	-	109,322	37,354	339,028
Community and Economic Development	6,300	-	-	-	-	-	-	6,300
Recreation and Culture	1,799	-	-	-	-	-	-	1,799
Total Expenditures	377,515	150,000	141,188	192,352	-	109,322	41,885	1,012,262
Excess (Deficiency) of Revenues over Expenditures	148,293	(20,250)	114,859	(14,452)	15,993	10,560	(34,547)	220,456
Other Financing Sources (Uses)								
Operating Transfers In	-	-	-	-	-	-	32,000	32,000
Operating Transfers Out	(32,000)	-	-	-	-	-	-	(32,000)
Total Other Financing Sources (Uses)	(32,000)	-	-	-	-	-	32,000	-
Change in Fund Balances	116,293	(20,250)	114,859	(14,452)	15,993	10,560	(2,547)	220,456
Fund Balance - Beginning of Year	865,101	348,773	310,465	169,589	300,882	163,112	40,188	2,198,110
Fund Balance - End of Year	\$ 981,394	\$ 328,523	\$ 425,324	\$ 155,137	\$ 316,875	\$ 173,672	\$ 37,641	\$ 2,418,566

The Accompanying Notes are an Integral Part of the Financial Statements.

Lake Township, Roscommon County
Reconciliation of Statement of Revenues, Expenditures, and
Change in Fund Balances of Governmental Funds to the
Statement of Activities (Restated)
March 31, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ 220,456
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Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Depreciation Expense Reported in the Statement of Activities	(93,888)
Capital Outlay Reported in Governmental Fund Statements	<u>226,275</u>

Change in Net Position - Governmental Activities	<u><u>\$ 352,843</u></u>
--	--------------------------

**Lake Township, Roscommon County
Statement of Fiduciary Net Position
for the Year Ended March 31, 2025**

	Custodial Fund
	Tax Collection Fund
ASSETS	\$ -
LIABILITIES	-
NET POSITION	\$ -

The Accompanying Notes are an Integral Part of the Financial Statements.

Lake Township, Roscommon County
Statement of Changes in Fiduciary Net Position
for the Year Ended March 31, 2025

	Custodial Fund Tax Collection Fund
ADDITIONS	
Property Taxes Collected	\$ 6,587,416
DEDUCTIONS	
Property Taxes Distributed	6,587,416
Change in Net Position	-
Net Position - Beginning	-
Net Position - Ending	\$ -

The Accompanying Notes are an Integral Part of the Financial Statements.

Lake Township, Roscommon County
Notes to the Financial Statements
March 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lake Township, Michigan, (the “Township”) is a general law Township located in Roscommon County which operates under the direction of an elected Township Board.

The financial statements of the Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Township’s accounting policies are described below.

Reporting Entity

As required by generally accepted accounting principles, these financial statements present all activities of the Township. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

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 primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Township does not have any business-type activities or component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. 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 revenues 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.

Lake Township, Roscommon County
Notes to the Financial Statements
March 31, 2025

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. Revenues are considered to be available when they are collectible 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 or within one year for expenditure driven grants. For property taxes, "available" is defined as collected within 90 days or expected to be purchased by the delinquent tax revolving fund in the subsequent year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Equipment Fund* accounts for revenue sources that are legally restricted to expenditures for fire department equipment.

The *Fire Operating Fund* accounts for revenue sources that are legally restricted to expenditures for fire department operations.

The *Trash Collection Fund* accounts for revenue sources that are legally restricted to expenditures for trash collection.

The *Sewer Capital Projects Fund* accounts for revenue sources that are assigned for capital projects.

The *Road Fund* accounts for the revenue sources that are legally restricted to expenditure for road maintenance.

Additionally, the Township reports the following fiduciary fund:

The *Custodial Fund* accounts for property taxes collected by the Township on behalf of other governmental units as well as the Township's General and Special Assessment funds.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Lake Township, Roscommon County
Notes to the Financial Statements
March 31, 2025

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments, with original maturities of three months or less. The Township considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

Investments

The Township's investment policy is in compliance with state law and authorizes the Township to invest in savings accounts, certificates of deposit and money market funds. The Township does not have any investments other than interest bearing bank accounts. Some investments authorized by state law are shown as cash on the financial statements.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out method. Currently, the Township does not have inventory and inventories are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Receivables and Payables

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

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are considered unearned.

Lake Township, Roscommon County
Notes to the Financial Statements
March 31, 2025

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Township are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings and Improvements	20-40
Equipment	3-12
Vehicles	5-7

Unearned Revenue

Unearned revenue arises when resources are received by the Township before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The Township has no unearned revenue at the end of the fiscal year.

Deferred Outflows/Inflows of Resources

In addition to assets, 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 net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township does not have items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township does not have items that qualify for reporting in this category.

Net Position Flow Assumption

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

Lake Township, Roscommon County
Notes to the Financial Statements
March 31, 2025

Fund Balance Flow Assumption

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenues and Expenditures/Expenses

Program Revenues - Amounts reported as program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

Lake Township, Roscommon County
Notes to the Financial Statements
March 31, 2025

Property Taxes - Property taxes attach as an enforceable operating lien on the property as of the date they are levied. State education taxes and county taxes are levied and due July 1 and become delinquent after September 14. The remaining millages are levied and due December 1 and become delinquent after February 14. Collections of taxes and remittances of them are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2024 taxable valuation of the Township totaled \$162,827,966, on which ad valorem taxes levied consisted of 0.8642 mills for the Township operating purposes, 1.4208 mills for Township fire department operations, 0.7089 mills for Township fire department equipment, and 0.7089 mills for Township roads. These levels raised approximately \$148,000 for operating purposes, \$235,000 for fire operations, and \$119,500 for fire equipment and \$119,500 for roads. These amounts are recognized in the respective fund financial statements as property tax revenue.

NOTE 2 – BUDGETARY INFORMATION

1. *Budgetary Basis of Accounting*

The annual budget is adopted on the modified accrual basis in accordance with the requirements of “The Uniform Budgeting and Accounting Act.” A public hearing is held to obtain taxpayer comments. Appropriations lapse at year-end. Budget amounts are as originally adopted in March 2024, or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is, as present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

2. *Excess of Expenditures over Appropriations*

	APPROPRIATIONS		EXPENDITURES
General Fund			
Operating Transfers Out	\$ -	-	\$ 32,000
Trash Collection Fund			
Public Works	178,926		192,352

These overages were funded with available fund balances.

NOTE 3 – STEWARDSHIP, ACCOUNTABILITY AND COMPLIANCE

A. *Violation of Legal or Contractual Provisions*

Note 2.2 on the Excess of Expenditures over Appropriations, describes a budgetary violation that occurred for the year ended March 31, 2025.

Lake Township, Roscommon County
Notes to the Financial Statements
March 31, 2025

NOTE 4 – DEPOSITS AND INVESTMENTS

The Township's deposits and investments are on deposit with various institutions.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of March 31, 2025, \$1,435,332 of the Township's bank balance of \$2,352,266 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the Township's investment policy does not directly address custodial credit risk, it typically limits its exposure by controlling who holds the Township's deposits.

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; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township's cash requirement.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs).

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's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign currency risk. The Township is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

Fair Market Value Disclosures – Township is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices from similar activities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy. Securities that are categorized as Level 2 in the hierarchy include, but are not limited to, repurchase agreements, U.S. government agency securities, corporate securities, and commercial paper.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

Lake Township, Roscommon County
Notes to the Financial Statements
March 31, 2025

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There are two types of valuation techniques most commonly used and vary depending on the level of investment. These two techniques are the market approach and income approach. The market approach uses prices and other relevant information generated by the market transactions involving identical or similar assets and liabilities. The income approach discounts future amounts to a single current amount and the discount rate used in the process should reflect current market expectations about risks associated with those future cash flows.

The Township does not have investments subject to fair value disclosure requirements.

The above amounts are reported in the financial statements as follows:

	Total
Cash and Cash Equivalents - Governmental Funds	\$ 2,341,327

NOTE 5 – RECEIVABLES

Receivables as of year-end for the Township's individual major funds are as follows:

	General Fund	Fire Equipment Fund	Fire Operating Fund	Trash Collection Fund	Sewer Capital Projects Fund	Road Fund	Total
Receivables							
Accounts	\$ 3,483	\$ -	\$ 7,992	\$ -	\$ -	\$ -	\$ 11,475
Taxes and Special Assessments	7,861	6,314	12,656	14,451	-	6,314	47,596
Interest Receivable	-	-	505	-	1,821	-	2,326
Due from Other Governments	36,555	-	-	-	-	190	36,745
	\$ 47,899	\$ 6,314	\$ 21,153	\$ 14,451	\$ 1,821	\$ 6,504	\$ 98,142

Amounts due from other governments include amounts due from state sources for various projects and programs.

By ordinance, the Township can place substantially all of its delinquent receivables on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

Lake Township, Roscommon County
Notes to the Financial Statements
March 31, 2025

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not Being Depreciated				
Land	\$ 126,585	\$ -	\$ -	\$ 126,585
Construction in Progress	113,196	56,215	-	169,411
Total Capital Assets, Being not Depreciated	239,781	56,215	-	295,996
Capital Assets, Being Depreciated				
Buildings and Improvements	454,539	-	-	454,539
Equipment, Furniture and Fixtures	15,748	-	-	15,748
Fire Department Equipment	1,075,358	170,060	-	1,245,418
Vehicles	236,942	-	-	236,942
Total Capital Assets, Being Depreciated	1,782,587	170,060	-	1,952,647
Less Accumulated Depreciation for:				
Buildings and Improvements	363,655	6,119	-	369,774
Fire Department Equipment	774,527	87,769	-	862,296
Vehicles	236,942	-	-	236,942
Equipment, Furniture and Fixtures	15,748	-	-	15,748
Total Accumulated Depreciation	1,390,872	93,888	-	1,484,760
Total Capital Asset, Being Depreciated, Net	391,715	76,172	-	467,887
Governmental Activities Capital Assets, Net	\$ 631,496	\$ 132,387	\$ -	\$ 763,883

Depreciation expense was charged to functions/programs of the government as follows:

Governmental Activities	
General Government	\$ 393
Public Safety	93,495
Total Depreciation Expense	\$ 93,888

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. There were no individual fund interfund receivable or payable balances as of March 31, 2025.

Lake Township, Roscommon County
Notes to the Financial Statements
March 31, 2025

Transfers are used to (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them, (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. There was one transfer made during the fiscal year from the General Fund to the nonmajor Street Light Fund in the amount of \$32,000.

NOTE 8 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation). The risks of loss arising from general liability, property losses, workers' compensation, and employee medical costs are managed through purchased commercial insurance.

The Township continues to carry commercial insurance to cover its various risks of loss. The Township has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

NOTE 9 – RETIREMENT BENEFITS

The Township has defined contribution pension plan with John Hancock Life Insurance Company which covers Township officers which elect to be covered. The Township has the authority to amend the plan.

Township contributions to the plan for 2024-2025, amounted to \$12,674. Total covered payroll amounted to approximately \$85,261 and total wages including non-covered payroll was \$249,772. Administration fees amounted to approximately \$175. There were no employee contributions.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Prior to March 31, 2025, the Township committed to the purchase of a new pumper tanker truck to be completed by CSI Emergency Apparatus for a total cost of \$372,351, of this amount \$259,155 remains due to CSI Emergency Apparatus upon delivery of the completed pumper truck.

Additionally, the Township committed \$300,000 of local matching funds to the construction of a park development project in order to secure a \$400,000 Michigan Department of Natural Resources grant. The park development project is ongoing, and the Township has spent \$56,215 of local matching funds.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

NOTE 11 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to March 31, 2025, the most recent balance sheet date presented herein, through October 29, 2025, the date these financial statements were available to be issued.

Lake Township, Roscommon County
Notes to the Financial Statements
March 31, 2025

Subsequent to year end, the Township signed two local road improvement projects agreements with the Roscommon County Road Commission. The agreements for contracted road work are as follows:

- Curb and shoulder work on Maywood Road in the amount of \$62,907.
- Various work on Burgess, Myrtle, West Shore, Spink, and Aqua in the amount of \$67,532.

No adjustments have been made to the financial statements for the year ended March 31, 2025 related to these subsequent events.

NOTE 12 – RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

During the current fiscal year, management identified a material error in the financial statements for the year ended March 31, 2025. The error related to overstated certificate of deposit balance adjustments, which resulted in an incorrect audit opinion.

As a result, the financial statements have been restated to correct the error. The impact of the restatement is as follows:

- Fire Operating Fund – Cash and Cash Equivalents decreased \$505.
- Fire Operating Fund – Interest Receivable increased \$505.
- Sewer Capital Projects Fund – Cash and Cash Equivalents decreased \$15,864.
- Sewer Capital Projects Fund – Interest Receivable increased \$1,821.
- Sewer Capital Projects Fund – Interest and Rent decreased \$14,043.
- Sewer Capital Projects Fund – Fund Balance decreased \$14,043.
- Governmental Activities Net Position decreased \$14,043.

Management has implemented corrective procedures to prevent recurrence.

The revised financial statements have been audited and are presented with a new audit opinion dated October 29, 2025.

Lake Township, Roscommon County
Required Supplementary Information
Budgetary Comparison Schedule for General Fund
for the Year Ended March 31, 2025

	Budgeted Amounts		Actual	Variance to Final Budget
	Original	Final		
Revenues				
Property Taxes	\$ 179,213	\$ 179,213	\$ 212,513	\$ 33,300
Federal Grants	-	-	3,516	3,516
State Grants	123,656	123,656	237,747	114,091
Licenses and Permits	14,620	14,620	15,312	692
Charges for Services	12,050	12,050	8,126	(3,924)
Interest and Rents	15,000	15,000	27,268	12,268
Other Revenue	5,700	5,700	21,326	15,626
Total Revenues	350,239	350,239	525,808	175,569
Expenditures				
General Government				
Township Board	268,888	286,492	164,167	122,325
Supervisor	29,972	29,972	26,699	3,273
Election	30,200	30,200	25,414	4,786
Assessor	40,080	40,080	37,602	2,478
Clerk	41,660	41,660	35,025	6,635
Board of Review	2,450	2,450	1,356	1,094
Treasurer	35,450	35,450	34,670	780
Building and Grounds	10,575	31,074	30,179	895
Public Safety				
Police	15,080	15,080	14,304	776
Community and Economic Development				
Planning and Zoning	11,230	11,230	6,300	4,930
Recreation and Culture				
Parks and Recreation	311,425	311,425	1,799	309,626
Total Expenditures	797,010	835,113	377,515	457,598
Revenues Over (Under) Expenditures	(446,771)	(484,874)	148,293	(282,029)
Other Financing Sources (Uses)				
Operating Transfers Out	-	-	(32,000)	32,000
Net Change in Fund Balance	(446,771)	(484,874)	116,293	(250,029)
Fund Balance - Beginning of Year	865,101	865,101	865,101	-
Fund Balance - End of Year	<u>\$ 418,330</u>	<u>\$ 380,227</u>	<u>\$ 981,394</u>	<u>\$ (250,029)</u>

Lake Township, Roscommon County
Required Supplementary Information
Budgetary Comparison Schedule for Fire Equipment Fund
for the Year Ended March 31, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance To Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 108,431	\$ 108,431	\$ 119,750	\$ 11,319
Other Revenue	-	-	10,000	10,000
	<u>108,431</u>	<u>108,431</u>	<u>129,750</u>	<u>21,319</u>
Total Revenues	108,431	108,431	129,750	21,319
Expenditures				
Public Safety	<u>319,297</u>	<u>319,297</u>	<u>150,000</u>	<u>169,297</u>
Net Change Fund Balance	(210,866)	(210,866)	(20,250)	190,616
Fund Balance - Beginning of Year	<u>348,773</u>	<u>348,773</u>	<u>348,773</u>	-
Fund Balance - End of Year	<u>\$ 137,907</u>	<u>\$ 137,907</u>	<u>\$ 328,523</u>	<u>\$ 190,616</u>

**Lake Township, Roscommon County
Required Supplementary Information
Budgetary Comparison Schedule for Fire Operating Fund
for the Year Ended March 31, 2025**

	Budgeted Amounts		Actual	Variance To Final Budget
	Original	Final		
Revenues				
Property Taxes	\$ 214,458	\$ 214,458	\$ 239,837	\$ 25,379
Interest and Dividends	-	-	8,029	8,029
Other Revenue	1,500	1,500	8,181	6,681
	<u>215,958</u>	<u>215,958</u>	<u>256,047</u>	<u>40,089</u>
Total Revenues	215,958	215,958	256,047	40,089
Expenditures				
Public Safety	215,958	215,958	141,188	74,770
Net Change Fund Balance	-	-	114,859	114,859
Fund Balance - Beginning of Year	310,465	310,465	310,465	-
Fund Balance - End of Year	<u>\$ 310,465</u>	<u>\$ 310,465</u>	<u>\$ 425,324</u>	<u>\$ 114,859</u>

Lake Township, Roscommon County
Required Supplementary Information
Budgetary Comparison Schedule for Trash Collection Fund
for the Year Ended March 31, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance To Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and Rents	\$ -	\$ -	\$ 1,240	\$ 1,240
Other Revenues	176,500	176,500	176,660	160
Total Revenues	176,500	176,500	177,900	160
Expenditures				
Public Works	178,926	178,926	192,352	(13,426)
Net Change Fund Balance	(2,426)	(2,426)	(14,452)	(12,026)
Fund Balance - Beginning of Year	169,589	169,589	169,589	-
Fund Balance - End of Year	<u>\$ 167,163</u>	<u>\$ 167,163</u>	<u>\$ 155,137</u>	<u>\$ (12,026)</u>

Lake Township, Roscommon County
Required Supplementary Information
Budgetary Comparison Schedule for Road Fund
For the Year Ended March 31, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance to Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 108,441	\$ 108,441	\$ 119,498	\$ 11,057
State Grants	50	50	384	334
	<u>108,491</u>	<u>108,491</u>	<u>119,882</u>	<u>11,391</u>
Total Revenues	108,491	108,491	119,882	11,391
Expenditures				
Public Works	<u>108,491</u>	<u>109,322</u>	<u>109,322</u>	<u>-</u>
Net Change in Fund Balance	-	(831)	10,560	11,391
Fund Balance - Beginning of Year	<u>163,112</u>	<u>163,112</u>	<u>163,112</u>	<u>-</u>
Fund Balance -End of Year	<u><u>\$ 163,112</u></u>	<u><u>\$ 162,281</u></u>	<u><u>\$ 173,672</u></u>	<u><u>\$ 11,391</u></u>

Lake Township, Roscommon County
Nonmajor Special Revenue Funds
Combining Balance Sheet
March 31, 2025

	Liquor Law Enforcement Fund	Cemetery Fund	Street Light Fund	Totals
ASSETS				
Cash and Cash Equivalents	\$ 1,024	\$ 12,950	\$ 26,235	\$ 40,209
LIABILITIES				
Accounts Payable	\$ -	\$ 29	\$ 2,539	\$ 2,568
FUND BALANCES				
Restricted for				
Liquor Law Enforcement	1,024	-	-	1,024
Cemetery	-	12,921	-	12,921
Street Lighting	-	-	23,696	23,696
Total Fund Balances	1,024	12,921	23,696	37,641
Total Liabilities and Fund Balances	\$ 1,024	\$ 12,950	\$ 26,235	\$ 40,209

Lake Township, Roscommon County
Nonmajor Special Revenue Funds
Combining Statement Revenues, Expenditures and Change in Fund Balances
for the Year Ended March 31, 2025

	Liquor Law Enforcement Fund	Cemetery Fund	Street Light Fund	Totals
Revenues				
State Grants	\$ 4,209	\$ -	\$ 1,969	\$ 6,178
Charges for Services	-	1,160	-	1,160
Total Revenues	4,209	1,160	1,969	7,338
Expenditures				
Public Safety	4,531	-	-	4,531
Public Works	-	4,831	32,523	37,354
Total Expenditures	4,531	4,831	32,523	41,885
Revenues Over (Under) Expenditures	(322)	(3,671)	(30,554)	(34,547)
Other Financing Sources (Uses)				
Operating Transfers In	-	-	32,000	32,000
Net Change in Fund Balances	(322)	(3,671)	1,446	(2,547)
Fund Balances - Beginning of Year	1,346	16,592	22,250	40,188
Fund Balances - End of Year	<u>\$ 1,024</u>	<u>\$ 12,921</u>	<u>\$ 23,696</u>	<u>\$ 37,641</u>