

Lake Township  
Financial Statements

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For the Year Ended March 31, 2023

# Lake Township

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Township, as of and for the year ended March 31, 2023, 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 Lake Township, as of March 31, 2023, 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 Lake 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*

Lake Township's 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 Lake 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 Lake 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 Lake 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 Lake 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.

*H & S Companies, P.C.*

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

September 29, 2023

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2023**

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, 2023. Please read it in conjunction with the Township's financial statements.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management Discussion and Analysis (MD&A) – for State and Local Governments issued in June of 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because the audit of the Township is only required every other year, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, the Township has elected to exclude the comparative information. We expect this situation to continue due to the every other year audit requirement.

**Financial Highlights**

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$2,502,261 (shown as net position). Of this amount, \$1,181,081, (unrestricted net position net position) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's net position increased by \$110,068 during the fiscal year.
- As of March 31, 2023, the governmental funds of the Township reported combined ending fund balances of \$2,178,429, an increase of \$164,943 in comparison with the prior year. Of this amount, \$829,666 is available for spending at the Township'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 \$829,666.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to 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, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2023**

The *Statement of Activities* presents information showing how the government'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, and community and economic development.

**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.

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.

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2023**

**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 page 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.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *Required Supplementary Information (RSI)* that explains and supports the information presented in the financial statements.

**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 \$2,502,261 at the close of the most recent fiscal year.

**Lake Township  
Net Position as of March 31, 2023**

	<u>Governmental Activities</u>
Current Assets	\$ 2,358,381
Non-Current Assets	<u>323,832</u>
Total Assets	<u>2,682,213</u>
Current Liabilities	<u>179,952</u>
Net Position	
Net Investment in Capital Assets	323,832
Restricted	997,348
Unrestricted	<u>1,181,081</u>
Total Net Position	<u><u>\$ 2,502,261</u></u>



**LAKE TOWNSHIP, ROSCOMMON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2023**

A portion of the Township's net position (\$323,832, or 13%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, 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. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position (\$997,348, or 40%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,181,081 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. 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. The same situation held true for the prior fiscal year.

The Township's overall net position increased \$110,068 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities.

**GOVERNMENTAL ACTIVITIES**

During the current fiscal year, net position for governmental activities increased \$110,068 from the prior fiscal year for an ending balance of \$2,502,193.

**Lake Township  
Change in Net Position for the Fiscal Year Ended March 31, 2023**

	Governmental Activities
Program Revenues	
Charges for Services	\$ 39,133
Operating Grants and Contribution	182,650
General Revenues	
Property Taxes	520,599
State Shared Revenue	123,693
Investment Earnings	12,685
Other	5,783
Total Revenues	884,543
Expenses	
General Government	284,174
Public Safety	194,828
Public Works	289,176
Community and Economic Development	6,297
Total Expenses	774,475
Change in Net Position	110,068
Net Position - Beginning of Year	2,392,193
Net Position - End of Year	\$ 2,502,261

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2023**

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S 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.

As of March 31, 2023, the Township's governmental funds reported combined fund balances of \$2,178,429, an increase of \$164,943 in comparison with the prior year. The Township has an unassigned fund balance of \$829,666. The remainder of the fund balance is *either nonspendable, restricted, committed, or assigned* to indicate that is 1) not in spendable form (\$11,341), 2) legally required to be maintained intact, 3) restricted for particular purposes (\$997,348), 4) committed for particular purposes, or 5) assigned for particular purposes (\$340,074).

**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 \$13,253, bringing the balance to \$840,454. The increase was primarily due to receiving other revenues and spending less than budgeted.

**Fire Equipment Fund** – The Fire Equipment Fund increased its fund balance by \$103,908 which brings the fund balance to \$309,832. The increase is due to the Township having no expenditures for equipment during the year.

The Township levied a fire equipment millage on the 2022 tax roll. This resulted in \$103,288 in tax related revenues during the current fiscal year.

**Fire Operating Fund** – The Fire Operating Fund increased its fund balance by \$17,267 which brings the fund balance to \$377,776. This balance is restricted and must be used for fire protection.

The Township levied a fire operating millage on the 2022 tax roll. This resulted in \$132,373 in tax related revenues during the current fiscal year. Revenues exceeded the cost of operations during the year.

**Trash Collection Fund** – The Trash Collection Fund increase its fund balance by \$8,282 which brings the fund balance to \$148,598. This balance is restricted and must be used for trash collection.

The Township levied a special assessment for trash collection on the 2022 tax roll. This resulted in \$176,659 in revenues during the current fiscal year, which was greater than expenses for the year.

**Sewer Capital Projects Fund** – The Sewer Capital Projects Fund increased its fund balance by \$1,228 which brings the fund balance to \$340,074. 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 \$14,522 which brings the fund balance to \$131,095. The Road Fund had property tax revenues which exceed expenditures for the year. 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, 2023**

The Township levied a road millage on the 2022 tax roll. This resulted in \$103,179 in tax related revenues during the current fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

**Original budget compared to final budget** – During the year, there were amendments to the overall budgeted revenues and expenditures.

The primary reason for the increase in budgeted revenues is due to the Township budgeting the use of the American Rescue Plan Act (ARPA) and increased license sales due to marijuana license applications.

The primary reason for the increase in budgeted expenditures is due to the anticipation of increased building repairs, legal fees and salary raises.

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Total Revenues	\$ 286,795	\$ 359,176	\$ 354,649
Total Expenditures	\$ 332,890	\$ 375,490	\$ 309,396

**Final budget compared to actual results** – Expenditures were less than budgeted for each department. The primary reason for the difference between the budgeted revenues and the actual revenues is due to the Township budgeting for the use of ARPA funding. This money received was deferred until the Township spends the money.

The difference in the budgeted expenditures and actual expenditures is a result of fewer building repairs and legal fees than originally anticipated.

**CAPITAL ASSETS**

**Capital Assets.** The Township's investment in capital assets for its governmental activities as of March 31, 2023, amounted to \$323,832 (net of accumulated depreciation). Capital assets summarized below include any items purchased with a cost greater than \$5,000 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

<b>Lake Township</b>	
<b>Capital Assets as of March 31, 2023</b>	
Land	\$ 15,938
Building	454,539
Equipment and Furniture	15,748
Fire Equipment	932,269
Vehicles	236,942
	1,655,436
Less: Accumulated Depreciation	(1,331,604)
Net Capital Assets	\$ 323,832

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2023**

During the fiscal year, the Township made improvements to land and had work done on the septic field in the amount of \$8,750.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The following economic factors are currently affecting Lake Township and were considered in developing the 2023-2024 budget:

- The Township received approximately \$126,000 in ARPA funding. As of the date of the audit, the Township had not decided how it was going to be spent, but anticipates that it spend 100% of the money during the 2023-24 fiscal year.
- The Township continues to review all budget line items for opportunities to reduce expenditures when possible. The ongoing costs of providing essential services for the citizens of the Township will continued to be monitored in order to maintain the financial condition of the Township.

**REQUEST OF INFORMATION**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact the Township at:

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

**LAKE TOWNSHIP, ROSCOMMON COUNTY**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**MARCH 31, 2023**

	<u>Governmental Activities</u>
<b>Assets</b>	
Current Assets	
Cash and Cash Equivalents	\$ 2,280,349
Receivables	
Taxes	24,683
Special Assessments	14,338
Prepaid Expenses	11,341
Due from Other Governments	<u>27,670</u>
Total Current Assets	2,358,381
Capital Assets	
Land	15,938
Building	454,539
Equipment and Furniture	15,748
Fire Equipment	932,269
Vehicles	<u>236,942</u>
	1,655,436
Less: Accumulated Depreciation	<u>(1,331,604)</u>
Net Capital Assets	<u>323,832</u>
Total Assets	<u><u>2,682,213</u></u>
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable	38,527
Accrued Wages	15,213
Unearned Revenue	<u>126,212</u>
Total Current Liabilities	179,952
<b>Net Position</b>	
Net Investment in Capital Assets	323,832
Restricted for	
Fire Protection	687,055
Trash Collection	148,598
Road Improvements	131,095
Liquor Law Enforcement	1,615
Cemetery	18,055
Street Lighting	10,930
Unrestricted	<u>1,181,081</u>
Total Net Position	<u><u>\$ 2,502,261</u></u>

The accompanying notes are an integral part of the financial statements.

**LAKE TOWNSHIP, ROSCOMMON COUNTY**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Change in Net Position Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities				
General Government	\$ 284,174	\$ 34,063	\$ -	\$ -
Public Safety	194,828	-	4,002	-
Public Works	289,176	3,320	178,648	-
Community and Economic Development	6,297	1,750	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 774,475</u>	<u>\$ 39,133</u>	<u>\$ 182,650</u>	<u>\$ -</u>
General Revenues				
Property Taxes, levied for				
General Purposes				181,759
Specific Purposes				338,840
State Grants				123,693
Investment Earnings				12,685
Other Revenue				5,783
				<hr/>
Total General Revenues				<u>662,760</u>
Change in Net Position				110,068
Net Position - Beginning of Year				<hr/> <u>2,392,193</u>
Net Position - End of Year				<u>\$ 2,502,261</u>

The accompanying notes are an integral part of the financial statements.

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
GOVERNMENTAL FUNDS BALANCE SHEET  
MARCH 31, 2023**

	General Fund	Fire Equipment Fund	Fire Operating Fund	Trash Collection Fund	Sewer Capital Projects Fund	Road Fund	Nonmajor Funds	Totals
<b>Assets</b>								
Cash and Cash Equivalents	\$ 951,321	\$ 304,742	\$ 375,299	\$ 149,949	\$ 340,074	\$ 126,005	\$ 32,959	\$ 2,280,349
Taxes Receivable	7,979	5,090	6,524	-	-	5,090	-	24,683
Special Assessment Receivable	-	-	-	14,338	-	-	-	14,338
Prepaid Expenditures	10,788	-	553	-	-	-	-	11,341
Due From Other Governments	27,670	-	-	-	-	-	-	27,670
<b>Total Assets</b>	<b>\$ 997,758</b>	<b>\$ 309,832</b>	<b>\$ 382,376</b>	<b>\$ 164,287</b>	<b>\$ 340,074</b>	<b>\$ 131,095</b>	<b>\$ 32,959</b>	<b>\$ 2,358,381</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities</b>								
Accounts Payable	\$ 19,870	\$ -	\$ 609	\$ 15,689	\$ -	\$ -	\$ 2,359	\$ 38,527
Accrued Payroll	11,222	-	3,991	-	-	-	-	15,213
Unearned Revenues	126,212	-	-	-	-	-	-	126,212
<b>Total Liabilities</b>	<b>157,304</b>	<b>-</b>	<b>4,600</b>	<b>15,689</b>	<b>-</b>	<b>-</b>	<b>2,359</b>	<b>179,952</b>
<b>Fund Balances</b>								
Nonspendable								
Prepaid Expenditures	10,788	-	553	-	-	-	-	11,341
Restricted for								
Fire Protection	-	309,832	377,223	-	-	-	-	687,055
Trash Collection	-	-	-	148,598	-	-	-	148,598
Road Improvements	-	-	-	-	-	131,095	-	131,095
Liquor Law Enforcement	-	-	-	-	-	-	1,615	1,615
Cemetery	-	-	-	-	-	-	18,055	18,055
Street Lighting	-	-	-	-	-	-	10,930	10,930
Assigned for Capital Projects	-	-	-	-	340,074	-	-	340,074
Unassigned	829,666	-	-	-	-	-	-	829,666
<b>Total Fund Balance</b>	<b>840,454</b>	<b>309,832</b>	<b>377,776</b>	<b>148,598</b>	<b>340,074</b>	<b>131,095</b>	<b>30,600</b>	<b>2,178,429</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 997,758</b>	<b>\$ 309,832</b>	<b>\$ 382,376</b>	<b>\$ 164,287</b>	<b>\$ 340,074</b>	<b>\$ 131,095</b>	<b>\$ 32,959</b>	<b>\$ 2,358,381</b>

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**  
**MARCH 23, 2023**

Total Governmental Fund Balances		\$ 2,178,429
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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	1,655,436	
Governmental Accumulated Depreciation	(1,331,604)	323,832
Total Net Position - Governmental Activities		\$ 2,502,261

The accompanying notes are an integral part of the financial statements.



**LAKE TOWNSHIP, ROSCOMMON COUNTY**  
**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGE IN FUND BALANCES**  
**FOR THE YEAR ENDED MARCH 31, 2023**

	General Fund	Fire Equipment Fund	Fire Operating Fund	Trash Collection Fund	Sewer Capital Projects Fund	Road Fund	Nonmajor Funds	Totals
<b>Revenues</b>								
Property Taxes	\$ 181,759	\$ 103,288	\$ 132,373	\$ -	\$ -	\$ 103,179	\$ -	\$ 520,599
State Grants	123,584	-	-	-	-	109	5,990	129,683
Licenses and Permits	29,058	-	-	-	-	-	-	29,058
Charges for Services	6,755	-	-	-	-	-	3,321	10,076
Interest and Rents	7,710	620	2,832	295	1,228	-	-	12,685
Other Revenue	5,783	-	-	176,659	-	-	-	182,442
<b>Total Revenues</b>	<b>354,649</b>	<b>103,908</b>	<b>135,205</b>	<b>176,954</b>	<b>1,228</b>	<b>103,288</b>	<b>9,311</b>	<b>884,543</b>
<b>Expenditures</b>								
General Government	291,645	-	-	-	-	-	-	291,645
Public Safety	11,454	-	117,938	-	-	-	3,090	132,482
Public Works	-	-	-	168,672	-	88,766	31,738	289,176
Community and Economic Development	6,297	-	-	-	-	-	-	6,297
<b>Total Expenditures</b>	<b>309,396</b>	<b>-</b>	<b>117,938</b>	<b>168,672</b>	<b>-</b>	<b>88,766</b>	<b>34,828</b>	<b>719,600</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>45,253</b>	<b>103,908</b>	<b>17,267</b>	<b>8,282</b>	<b>1,228</b>	<b>14,522</b>	<b>(25,517)</b>	<b>164,943</b>
<b>Other Financing Sources (Uses)</b>								
Operating Transfers In	-	-	-	-	-	-	32,000	32,000
Operating Transfers Out	(32,000)	-	-	-	-	-	-	(32,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(32,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,000</b>	<b>-</b>
<b>Change in Fund Balances</b>	<b>13,253</b>	<b>103,908</b>	<b>17,267</b>	<b>8,282</b>	<b>1,228</b>	<b>14,522</b>	<b>6,483</b>	<b>164,943</b>
Fund Balance - Beginning of Year	827,201	205,924	360,509	140,316	338,846	116,573	24,117	2,013,486
Fund Balance - End of Year	\$ 840,454	\$ 309,832	\$ 377,776	\$ 148,598	\$ 340,074	\$ 131,095	\$ 30,600	\$ 2,178,429

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  
MARCH 31, 2023**

Net Change in Fund Balances - Total Governmental Funds	\$ 164,943
--	------------

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	(62,725)
Capital outlay reported in governmental fund statements	<u>7,850</u>
Change in Net Position - Governmental Activities	<u><u>\$ 110,068</u></u>

The accompanying notes are an integral part of the financial statements.

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
STATEMENT OF FIDUCIARY NET POSITION  
FOR THE YEAR ENDED MARCH 31, 2023**

	<u>Custodial Fund</u>
	Tax Collection Fund
	<u>                    </u>
<b>Assets</b>	<u>\$ -</u>
<b>Liabilities</b>	<u>-</u>
<b>Net Position</b>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements.

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED MARCH 31, 2023**

	Custodial Fund Tax Collection Fund
<b>Additions</b>	
Property Taxes Collected	\$ 5,330,323
<b>Deductions</b>	
Property Taxes Distributed	5,330,323
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 FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. 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 governmental is financially accountable. Lake Township does not have any *business-type activities* or *component units*.

**B. Reporting Entity**

Lake Township is a general law Township located in Roscommon County which operates under the direction of an elected Township Board. 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.

**C. Basis of Presentation - Government-Wide and Fund Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statement.

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds. The emphasis of fund financial statements is on major governmental funds, each display in a separate column.

Lake 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.

**LAKE TOWNSHIP, ROSCOMMON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

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, Lake 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.

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.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurements focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 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.

The 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 of the end of the current fiscal period. 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. General Capital asset acquisitions are reported as expenditures in governmental funds.

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

Property taxes, sales taxes, 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 *Custodial Fund* has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**F. Budgetary Information**

**1. Budgetary Basis of Accounting**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A public hearing is held to obtain taxpayer comments. Appropriations lapse at year-end. Budgeted amounts presented are as originally adopted on March 8, 2022, 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 the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**2. Excess of Expenditures Over Appropriations**

	APPROPRIATIONS		EXPENDITURES
Trash Collection Fund			
Public Works	\$ 164,949	\$	168,672

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

**1. Cash and Cash Equivalents**

The Township’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments. The Township considers all highly liquid investments (including certificate of deposit) to be cash equivalents.

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

**2. Investments**

The Township’s investment policy is in compliance with state law and authorized the Township to invest in passbook savings accounts, certificates of deposit, and money market funds. The Township does not have any investments other than interest bearing bank accounts.

**3. Inventories and Prepaid Items**

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded), and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the primary government, as well as the component units 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

**5. 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 unearned revenue related to ARPA funding received over the past two years.



**LAKE TOWNSHIP, ROSCOMMON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

***6 Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial 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 any deferred outflows of resources.

In addition to liabilities, the statement of financial 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 deferred inflows of resources.

***7. 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 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.

***8. Fund Balance Flow Assumption***

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

***9. 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 board 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.

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

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 board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**10. 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.

**H. Revenues and Expenditures/Expenses**

**1. 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.

**2. Property Taxes**

Property taxes attach as an enforceable lien on the property as of the date they are levied. The Township Taxes are levied on January 1, and become a lien on July 1, and become delinquent after September 15. The Township property tax revenues 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 2022 taxable valuation of the Lake Township totaled \$138,290,351, on which ad valorem taxes levied consisted of 0.8759 mills for the Lake Township operating purposes, 0.9208 mills for Lake Township fire department operations, 0.7185 mills for Lake Township fire department equipment, and 0.7185 mills for Lake Township roads. These levels raised approximately \$182,000 for operating purposes, \$132,000 for fire operations, and \$103,000 for fire equipment and \$103,000 for roads. These amounts are recognized in the respective fund financial statements as tax revenue.

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Violations of Legal or Contractual Provisions**

Note 1.F.2, on the Excess of Expenditures over Appropriations, describes a budgetary violation that occurred for the year ended March 31, 2023.

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits with Financial Institutions**

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2023, \$1,450,791 of the Township's bank balance of \$2,283,379 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although it is not specifically addressed in the Township's investment policy, The Township typically limits its exposure to this type of risk by controlling who holds its 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 and 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 Disclosure** – The Township is required to disclose amounts within the 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.

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

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.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest 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 investments. 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 carrying amount of deposits as reported in the financial statements as follows:

	Total
Cash and Cash Equivalents - Governmental Funds	\$ 2,280,349

The Township does not have any investments that are subject to fair value disclosure.

**B. Receivables**

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

	General Fund	Fire Equipment Fund	Fire Operating Fund	Trash Collection Fund	Road Fund	Total
Receivables						
Taxes and Special Assessments	\$ 7,979	\$ 5,090	\$ 6,524	\$ 14,338	\$ 5,090	\$ 39,021
Due from Other Governments	27,670	-	-	-	-	27,670
	\$ 35,649	\$ 5,090	\$ 6,524	\$ 14,338	\$ 5,090	\$ 66,691

**LAKE TOWNSHIP, ROSCOMMON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

Due from Other Governments includes state-shared revenue from the State of Michigan. 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.

**C. Capital Assets**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 15,938	\$ -	\$ -	\$ 15,938
Capital assets, being depreciated				
Buildings and Improvements	446,689	7,850	-	454,539
Equipment, Furniture and Fixtures	15,748	-	-	15,748
Fire Department Equipment	932,269	-	-	932,269
Vehicles	236,942	-	-	236,942
Total capital assets, being depreciated	1,631,648	7,850	-	1,639,498
Less accumulated depreciation for:				
Buildings and Improvements	351,430	6,106	-	357,536
Fire Department Equipment	664,758	56,619	-	721,377
Vehicles	236,942	-	-	236,942
Equipment, Furniture and Fixtures	15,749	-	-	15,749
Total accumulated depreciation	1,268,879	62,725	-	1,331,604
Total capital asset, being depreciated, net	362,769	(54,875)	-	307,894
Governmental activities capital assets, net	\$ 378,707	\$ (54,875)	\$ -	\$ 323,832

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

Governmental activities	
General Government	\$ 379
Public Safety	62,346
Total Depreciation Expense	<u>\$ 62,725</u>

**D. Interfund Receivables, Payables and Transfers**

There were no individual interfund receivable or payable balances at March 31, 2023.

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.

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to use unrestricted revenues collected in the general fund to finance various programs accounting for in other funds in accordance with budgetary authorizations.

The interfund transfers during the fiscal year March 31, 2023 were:

	TRANSFERS	
	IN	OUT
<u>Primary Government</u>		
General Fund	\$ -	\$ 32,000
Street Light Fund	32,000	-
	<u>\$ 32,000</u>	<u>\$ 32,000</u>

**NOTE 3 – OTHER INFORMATION**

**A. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Township carries commercial insurance to cover these risks loss.

In addition, the Township carries commercial insurance to cover property and casualty, crime, general liability, errors and omissions, and fidelity bonds. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

**B. 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 2022-2023, amounted to \$11,371. Total covered payroll amounted to approximately \$70,167 and total wages including non-covered payroll was \$188,334. Administration fees amounted to \$150. There were no employee contributions.

**C. Commitments and Contingencies**

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the Township.

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

**D. Subsequent Events**

Subsequent to year end, the Township made several purchases. The purchases are as follows:

- Contracted road work with Roscommon County Road Commission in the amount of \$84,221
- Purchase of property in the amount of \$110,651
- Contracted engineering work for the new property in the amount of \$9,500
- Purchase of a new fire truck in the amount of \$372,351

No adjustments have been made to the financial statements for the year ended March 31, 2023 related to these subsequent events.

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE FOR GENERAL FUND  
FOR THE YEAR ENDED MARCH 31, 2023**

	Budgeted Amounts		Actual	Variance to Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 163,075	\$ 163,075	\$ 181,759	\$ 18,684
State Grants	85,150	85,150	123,584	38,434
Federal Grants	-	60,000	-	(60,000)
Licenses and Permits	23,420	35,801	29,058	(6,743)
Charges for Services	8,750	8,750	6,755	(1,995)
Interest and Rents	700	700	7,710	7,010
Other Revenue	5,700	5,700	5,783	83
<b>Total Revenues</b>	<b>286,795</b>	<b>359,176</b>	<b>354,649</b>	<b>(4,527)</b>
<b>Expenditures</b>				
<b>General Government</b>				
Township Board	137,309	178,169	144,952	33,217
Supervisor	27,260	27,260	24,752	2,508
Election	13,540	13,540	6,343	7,197
Assessor	36,297	36,297	34,131	2,166
Clerk	38,160	38,160	31,515	6,645
Board of Review	2,450	2,450	1,938	512
Treasurer	30,750	31,050	30,572	478
Building and Grounds	20,920	20,920	17,442	3,478
<b>Public Safety</b>				
Police	13,974	15,414	11,454	3,960
<b>Community and Economic Development</b>				
Planning and Zoning	12,230	12,230	6,297	5,933
<b>Total Expenditures</b>	<b>332,890</b>	<b>375,490</b>	<b>309,396</b>	<b>66,094</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(46,095)</b>	<b>(16,314)</b>	<b>45,253</b>	<b>(70,621)</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers Out	(30,000)	(30,000)	(32,000)	2,000
<b>Change in Fund Balance</b>	<b>(76,095)</b>	<b>(46,314)</b>	<b>13,253</b>	<b>(68,621)</b>
<b>Fund Balance - Beginning of Year</b>	<b>460,935</b>	<b>460,935</b>	<b>827,201</b>	<b>366,266</b>
<b>Fund Balance - End of Year</b>	<b>\$ 384,840</b>	<b>\$ 414,621</b>	<b>\$ 840,454</b>	<b>\$ 297,645</b>



**LAKE TOWNSHIP, ROSCOMMON COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE FOR FIRE EQUIPMENT FUND  
FOR THE YEAR ENDED MARCH 31, 2023**

	<u>Budgeted Amounts</u>		Actual	Variance To Final Budget
	Original	Final		
Revenues				
Property Taxes	\$ 95,443	\$ 95,443	\$ 103,288	\$ 7,845
Interest and Rents	-	-	620	620
	<hr/>			
Total Revenues	95,443	95,443	103,908	7,845
Expenditures				
Public Safety	76,952	76,952	-	76,952
	<hr/>			
Change Fund Balance	18,491	18,491	103,908	85,417
Fund Balance - Beginning of Year	24,900	24,900	205,924	181,024
	<hr/>			
Fund Balance - End of Year	\$ 43,391	\$ 43,391	\$ 309,832	\$ 266,441
	<hr/> <hr/>			

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE FOR FIRE OPERATING FUND  
 FOR THE YEAR ENDED MARCH 31, 2023**

	Budgeted Amounts		Actual	Variance To Final Budget
	Original	Final		
Revenues				
Property Taxes	\$ 122,354	\$ 122,354	\$ 132,373	\$ 10,019
Interest and Dividends	-	-	2,832	2,832
Total Revenues	122,354	122,354	135,205	12,851
Expenditures				
Public Safety	137,372	137,372	117,938	19,434
Change Fund Balance	(15,018)	(15,018)	17,267	32,285
Fund Balance - Beginning of Year	310,842	310,842	360,509	49,667
Fund Balance - End of Year	\$ 295,824	\$ 295,824	\$ 377,776	\$ 81,952

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE FOR TRASH COLLECTION FUND  
FOR THE YEAR ENDED MARCH 31, 2023**

	<u>Budgeted Amounts</u>		Actual	Variance To Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest and Rents	\$ -	\$ -	\$ 295	\$ 295
Other Revenues	161,300	161,301	176,659	15,358
	<hr/>			
Total Revenues	161,300	161,301	176,954	15,358
Expenditures				
Public Works	145,716	164,949	168,672	(3,723)
	<hr/>			
Change Fund Balance	15,584	(3,648)	8,282	11,930
Fund Balance - Beginning of Year	121,177	121,177	140,316	19,139
	<hr/>			
Fund Balance - End of Year	\$ 136,761	\$ 117,529	\$ 148,598	\$ 31,069
	<hr/>			

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE FOR ROAD FUND  
 FOR THE YEAR ENDED MARCH 31, 2023**

	<u>Budgeted Amounts</u>		Actual	Variance to Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 95,453	\$ 95,453	\$ 103,179	\$ 7,726
State Grants	-	-	109	109
	<hr/>			
Total Revenues	95,453	95,453	103,288	7,835
Expenditures				
Public Works				
Roads, Streets and Bridges	120,000	120,000	88,766	31,234
	<hr/>			
Change in Fund Balance	(24,547)	(24,547)	14,522	39,069
Fund Balance - Beginning of Year	129,983	129,983	116,573	(13,410)
	<hr/>			
Fund Balance -End of Year	<u>\$ 105,436</u>	<u>\$ 105,436</u>	<u>\$ 131,095</u>	<u>\$ 25,659</u>

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
MARCH 31, 2023**

	Liquor Law Enforcement Fund	Cemetery Fund	Street Light Fund	Totals
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,615	\$ 18,055	\$ 13,289	\$ 32,959
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	2,359	\$ 2,359
<b>FUND BALANCES</b>				
Restricted for				
Liquor Law Enforcement	1,615	-	-	1,615
Cemetery	-	18,055	-	18,055
Street Lighting	-	-	10,930	10,930
Total Fund Balance	1,615	18,055	10,930	30,600
Total Liabilities and Fund Balance	\$ 1,615	\$ 18,055	\$ 13,289	\$ 32,959

**LAKE TOWNSHIP, ROSCOMMON COUNTY  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
FOR THE YEAR ENDED MARCH 31, 2023**

	Liquor Law Enforcement Fund	Cemetery Fund	Street Light Fund	Totals
Revenues				
State Grants	\$ 4,002	\$ -	\$ 1,988	\$ 5,990
Charges for Services	-	3,321	-	3,321
<b>Total Revenues</b>	<b>4,002</b>	<b>3,321</b>	<b>1,988</b>	<b>9,311</b>
Expenditures				
Public Safety	3,090	-	-	3,090
Public Works	-	3,946	27,792	31,738
<b>Total Expenditures</b>	<b>3,090</b>	<b>3,946</b>	<b>27,792</b>	<b>34,828</b>
Excess (Deficiency) of Revenues over Expenditures	912	(625)	(25,804)	(25,517)
Other Financing Sources (Uses)				
Operating Transfers In	-	-	32,000	32,000
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>32,000</b>	<b>32,000</b>
Change in Fund Balances	912	(625)	6,196	6,483
Fund Balance - Beginning of Year	703	18,680	4,734	24,117
Fund Balance - End of Year	\$ 1,615	\$ 18,055	\$ 10,930	\$ 30,600