



**TOWNSHIP OF BLUE LAKE  
KALKASKA COUNTY, MICHIGAN  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2024**

## TABLE OF CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	5
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	14
Statement of Activities	15
<b>Fund Financial Statements</b>	
<b>Governmental Funds</b>	
Balance Sheet	16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances with the Statement of Activities	19
<b>Fiduciary Fund</b>	
Statement of Fiduciary Net Position	20
Statement of Changes in Fiduciary Net Position	21
<b>Notes to the Financial Statements</b>	23
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	33
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Fire Fund	34
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -Trash Pickup	35
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Improvement Revolving Fund	36
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Highway Improvement Fund	37

**INDEPENDENT AUDITOR'S REPORT**

To the Township Board  
Township of Blue Lake, Michigan

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Blue Lake (the "Township"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Gabridge & Company*

Gabridge & Company, PLC  
Traverse City, Michigan  
December 30, 2024

## **Management's Discussion and Analysis**

**Township of Blue Lake**  
**Management Discussion and Analysis**  
**June 30, 2024**

As the Board of the Township of Blue Lake (the “Township” or “government”), Kalkaska County, we offer readers of the Township’s financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the financial statements.

**Financial Highlights**

- The assets of the Township exceeded its liabilities (total net position) at the close of the most recent fiscal year by \$1,990,438. Of this amount, \$563,843 is unrestricted and may be used to meet the township’s ongoing obligations to citizens and creditors.
- During the year, the Township received \$917,020 in revenues and incurred \$681,517 in expenses, resulting in an increase in net position of \$235,503.
- As of the close of the current fiscal year, the Township’s governmental funds reported combined ending fund balances of \$1,531,012, an increase of \$170,622 in comparison with the prior year. Of the entire total amount, \$212,833 is unassigned and available for spending at the Township’s discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$212,833, or 99.2 percent 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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required 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 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 Township’s financial position 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 (e.g., capital asset activity). Both of the government-wide financial statements report functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include: general government, public safety, road projects, and township improvements.

**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 categorized as governmental and fiduciary funds.

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

The Township maintains five 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, township improvement fund, fire & rescue fund, trash pickup fund, and highway improvement fund. All Township government activities are included in these five funds. The Township adopts an annual appropriated budget for its general fund and all special revenue funds.

**Fiduciary Funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of the funds are not available for supporting the Township's programs. These funds are accounted for using the full accrual method of accounting much like the proprietary funds. The Township reports one fiduciary fund, the custodial fund.

**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.



## Government-wide Overall Financial Analysis

### Statement of Net Position

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 (total net position) by \$1,990,438 at the close of the most recent fiscal year.

#### Township of Blue Lake's Net Position

<b>ASSETS</b>	<b>2024</b>	<b>2023</b>
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 1,466,582	\$ 1,380,847
Receivables, net	111,291	151,695
Due from State	23,167	16,032
Prepaid Expenses	49,966	2,980
<b>Total Current Assets</b>	<b>1,651,006</b>	<b>1,551,554</b>
<i>Noncurrent Assets</i>		
Capital Assets, net	459,426	394,545
<b>Total Assets</b>	<b>2,110,432</b>	<b>1,946,099</b>
<b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Accounts Payable	18,332	12,629
Accrued Payroll and Related Liabilities	-	36
Unearned Revenue	-	57,161
<b>Total Current Liabilities</b>	<b>18,332</b>	<b>69,826</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenues - Leases	101,662	121,338
<b>Total Deferred Inflows of Resources</b>		
<b>NET POSITION</b>		
Investment in Capital Assets	459,426	394,545
Restricted	967,169	916,543
<i>Unrestricted</i>	563,843	443,847
<b>Total Net Position</b>	<b>\$ 1,990,438</b>	<b>\$ 1,754,935</b>

A portion of the Township's net position \$459,426, or 23.1 percent of the total, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The Township used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. The Township's investment in its capital assets has been made over the past several years and no related debt is outstanding. A portion of the Township's net position (\$967,169, or 48.6 percent) represents resources that are subject to external restrictions on how they may be used (highway, fire & rescue, trash pickup). The remaining balance of *unrestricted*

net position, \$563,843, or 28.3 percent, may be used to meet the Township’s ongoing obligations to citizens and creditors.

Cash and cash equivalents increased by \$85,735 during the year being similar to the overall increase in net position of \$235,503. Unearned revenues increased \$57,161. This was primarily due to come from unspent ARPA funding being spent during the fiscal year.

At the end of the current fiscal year, the Township is able to report positive net position and fund balances in both the government as a whole and for its separate governmental funds. The same situation held true for the prior fiscal year.

**Statement of Activities**

Governmental activities increased the Township’s net position by \$235,503. A two-year comparative summary of the changes in net position for the Township is as follows:

**Township of Blue Lake's Changes in Net Position**

	<u>2024</u>	<u>2023</u>
<b>Revenue</b>		
<b>Program Revenues</b>		
Charges for Services	\$ 58,458	\$ 38,343
Operating Grants and Contributions	304,350	112,670
<b><i>Total Program Revenues</i></b>	<u>362,808</u>	<u>151,013</u>
<b>General Revenues</b>		
Property Taxes and Assessments	465,102	645,133
Intergovernmental	43,090	42,318
Interest Income	46,020	11,630
<b><i>Total Revenues</i></b>	<u>917,020</u>	<u>850,094</u>
<b>Expenses</b>		
General Government	194,688	183,337
Public Safety	193,053	215,978
Public Works	267,706	147,626
Health and Welfare	12,995	1,788
Community and Economic Development	13,075	23,045
<b><i>Total Expenses</i></b>	<u>681,517</u>	<u>571,774</u>
<b><i>Change in Net Position</i></b>	<u>235,503</u>	<u>278,320</u>
<i>Beginning Net Position</i>	1,754,935	1,476,615
<b><i>Ending Net Position</i></b>	<u>\$ 1,990,438</u>	<u>\$ 1,754,935</u>

Property taxes decreased \$180,031, due to a 13.3% decrease in taxable value.

Public works expenses increased by \$120,080 as a result of completing large projects in current fiscal year.

### **Financial Analysis of the Government's Funds**

The Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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 Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,531,012, an increase of \$170,622 in comparison with the prior year. Of this \$1,531,012 fund balance, \$967,169 or 63.2%, is restricted, \$49,966, or 3.3%, is non spendable, 301,044, or 19.7%, is assigned, and 212,833, or 13.9%, is unassigned.

**General Fund.** The general fund is used for normal governmental activities such as, paying employees, running elections, zoning activities, office supplies, and other activities. The general fund increased its fund balance in this fiscal year by \$51,483, bringing the balance to \$235,495. The reason for the decrease in fund balance is due to a transfer to the highway improvement fund.

**Fire Fund.** The fire and rescue fund is used to operate, maintain and equip the fire and rescue department. The fund balance of the fire fund at the most recent fiscal year-end was \$397,844. This was an increase of \$55,996 from the previous fiscal year-end. The reason for the increase is increased tax revenues.

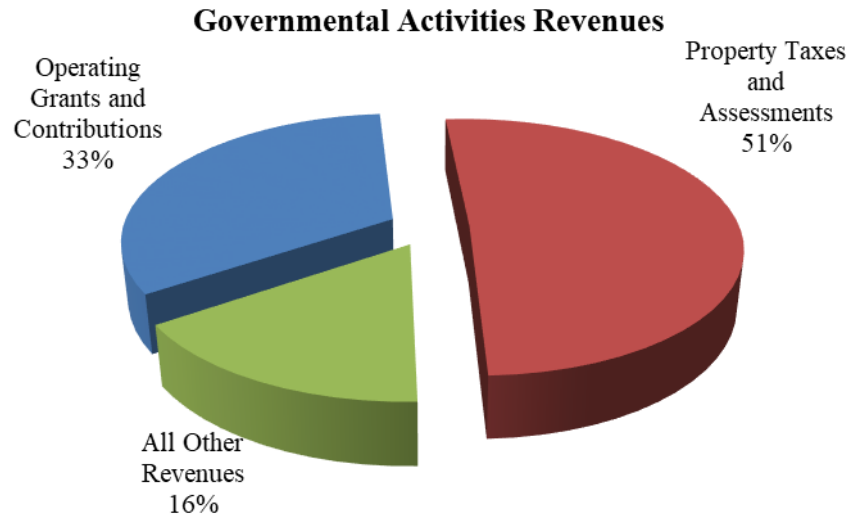
**Trash Pickup Fund.** The trash pickup fund is used to pay a contractor to remove residential waste from the Township. The fund balance of the trash pickup fund at the most recent fiscal year-end was \$83,367. This was an increase of \$2,224 from the previous fiscal year-end. This is a result of increased tax revenues.

**Improvement Revolving Fund.** The improvement revolving fund is used for general improvements within the Township as well as for unplanned emergency situations. The fund balance of the township improvement fund at the most recent fiscal year-end was \$301,044. This was an increase of \$41,209 from the previous fiscal year-end. The increase is comparable to the prior year.

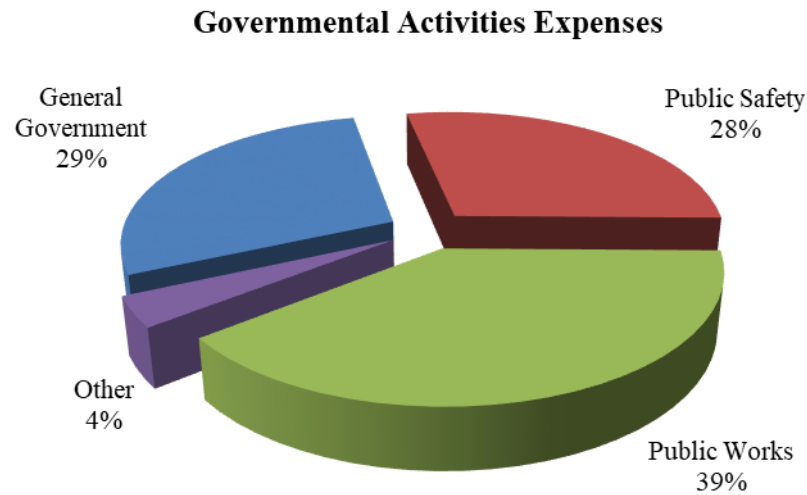
**Highway Improvement Fund.** The highway improvement fund is used to construct, pave and repave roads within the township. The fund balance of the highway improvement fund at the most recent fiscal year-end was \$513,267. This was an increase of \$19,710 from the previous fiscal year-end. The increase is a result of decreased public works expenditures from road resurfacing and a transfer from the general fund.

## Governmental Activities

The following chart summarizes the revenue sources for the governmental activities of the Township for the most recent fiscal year-end.



The following chart summarizes the expenses for the governmental activities of the Township for the most recent fiscal year-end.



## General Fund Budgetary Highlights

Budget amendments were made to either increase or decrease various budget line-items from their original amounts. At year ending June 30, 2024, the Township had the following expenditures in excess of the amounts appropriated:

Fund/Function	Final	Actual	Variance
<b>General</b>			
Elections	\$ 8,750	\$ 13,603	\$ (4,853)
Sheriff Contract	1,724	5,129	(3,405)
Hospital	12,750	12,995	(245)
<b>Fire</b>			
Public Safety	158,888	264,089	(105,201)
<b>Trash</b>			
Public Works	106,575	106,579	(4)

## Capital Asset Administration

The Township's investment in capital assets for governmental activities at year-end amounted to \$459,426 (net of accumulated depreciation). The Township has invested in a broad range of capital assets, as detailed below:

### Township of Blue Lake Capital Assets as of June 30, 2024

Land	\$ 1,705
Buildings	607,878
Equipment	914,180
<b>Subtotal</b>	1,523,763
Accumulated Depreciation	(1,064,337)
<b>Net Capital Assets</b>	\$ 459,426

More information on the Township's capital assets can be found in the notes to the financial statements.

## Economic Factors and Next Year's Budgets and Rates

Management estimates roughly \$357,356 of revenues to be available for appropriation in the general fund in the upcoming fiscal year. Expenditures are expected to change by small amounts compared to 2024. 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, the Township plans again to use current revenues to provide essential services and to maintain the Township's financial reserves at similar levels.

The ongoing costs of providing essential services for the citizens of the Township will again need to be monitored in order to maintain the financial condition of the Township.

### **Contacting the Township's Finance Department**

This financial report is designed to provide the wide variety of users of this document with a general overview of the Township's finances and demonstrate the Township's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to:

Township of Blue Lake  
10599 Twin Lake Road  
Mancelona, Michigan 49659

## **Basic Financial Statements**

**Township of Blue Lake  
Statement of Net Position  
June 30, 2024**

<b>ASSETS</b>	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$ 1,466,582
Due from State	23,167
Lease Receivable	16,154
Prepays	49,966
<b>Total Current Assets</b>	<u>1,555,869</u>
<i>Noncurrent Assets</i>	
Non-current Lease Receivable	95,137
Capital Assets not being Depreciated	1,705
Capital Assets being Depreciated, net	457,721
<b>Total Assets</b>	<u>2,110,432</u>
<b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Accounts Payable	18,332
<b>Total Current Liabilities</b>	<u>18,332</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Lease Revenues	101,662
<b>Total Deferred Inflows of Resources</b>	<u>101,662</u>
<b>NET POSITION</b>	
Investment in Capital Assets	459,426
<i>Restricted for:</i>	
Highway Improvements	513,262
Fire Protection	370,540
Trash Pickup	83,367
<i>Unrestricted</i>	563,843
<b>Total Net Position</b>	<u><u>\$ 1,990,438</u></u>

The Notes to the Financial Statements are an Integral part of these Financial Statements



**Township of Blue Lake  
Statement of Activities  
For the Year Ended June 30, 2024**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Governmental Activities:</b>					
General Government	\$ 194,688	\$ 45,391	\$ 54,950	\$ --	\$ (94,347)
Public Safety	193,053	13,067	186,334	--	6,348
Public Works	267,706	--	63,066	--	(204,640)
Health and Welfare	12,995	--	--	--	(12,995)
Community and Economic Development	13,075	--	--	--	(13,075)
<b><i>Total Governmental Activities</i></b>	<b><u>\$ 681,517</u></b>	<b><u>\$ 58,458</u></b>	<b><u>\$ 304,350</u></b>	<b><u>\$ --</u></b>	<b><u>\$ (318,709)</u></b>
<b>General Purpose Revenues:</b>					
					465,102
					43,090
					46,020
					<u>554,212</u>
					<b>235,503</b>
					1,754,935
					<b><u>\$ 1,990,438</u></b>

The Notes to the Financial Statements are an Integral part of these Financial Statements

**Township of Blue Lake  
Balance Sheet  
Governmental Funds  
June 30, 2024**

	<u>Special Revenue</u>					<u>Total Governmental Funds</u>
	<u>General</u>	<u>Fire</u>	<u>Trash Pickup</u>	<u>Improvement Revolving</u>	<u>Highway Improvement</u>	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 207,998	\$ 370,540	\$ 83,367	\$ 291,415	\$ 513,262	\$ 1,466,582
Due from State	23,167	--	--	--	--	23,167
Lease Receivable	--	--	--	111,291	--	111,291
Prepays	22,662	27,304	--	--	--	49,966
<i>Total Assets</i>	<u>\$ 253,827</u>	<u>\$ 397,844</u>	<u>\$ 83,367</u>	<u>\$ 402,706</u>	<u>\$ 513,262</u>	<u>\$ 1,651,006</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 18,332	\$ --	\$ --	\$ --	\$ --	\$ 18,332
<i>Total Liabilities</i>	18,332	--	--	--	--	18,332
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Lease Revenues	--	--	--	101,662	--	101,662
<i>Total Liabilities and Deferred Inflows of Resources</i>	18,332	--	--	101,662	--	119,994
<b>FUND BALANCE</b>						
Nonspendable	22,662	27,304	--	--	--	49,966
Restricted	--	370,540	83,367	--	513,262	967,169
Assigned	--	--	--	301,044	--	301,044
Unassigned	212,833	--	--	--	--	212,833
<i>Total Fund Balance</i>	235,495	397,844	83,367	301,044	513,262	1,531,012
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 253,827</u>	<u>\$ 397,844</u>	<u>\$ 83,367</u>	<u>\$ 402,706</u>	<u>\$ 513,262</u>	<u>\$ 1,651,006</u>

The Notes to the Financial Statements are an Integral part of these Financial Statements

**Township of Blue Lake**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2024**

Total Fund Balance - Governmental Funds	\$ 1,531,012
General government capital assets of \$1,523,763, net of accumulated depreciation of \$1,064,337, are not financial resources and, accordingly, are not reported in the funds	459,426
<b>Total Net Position - Governmental Activities</b>	<b>\$ <u>1,990,438</u></b>

The Notes to the Financial Statements are an Integral part of these Financial Statements

**Township of Blue Lake**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2024**

	Special Revenue					Total Governmental Funds
	General	Fire	Trash Pickup	Improvement Revolving	Highway Improvement	
<b>Revenues</b>						
Taxes	\$ 102,781	\$ 151,671	\$ 84,259	\$ --	\$ 126,391	\$ 465,102
Licenses and Permits	1,475	--	--	--	--	1,475
Intergovernmental	145,066	114,773	24,275	--	38,791	322,905
Interest and Rents	5,329	11,174	269	41,209	15,655	73,636
Other	11,435	29,400	--	--	--	40,835
<b>Total Revenues</b>	266,086	307,018	108,803	41,209	180,837	903,953
<b>Expenditures</b>						
General Government	183,404	--	--	--	--	183,404
Public Safety	5,129	264,089	--	--	--	269,218
Public Works	--	--	106,579	--	161,127	267,706
Health and Welfare	12,995	--	--	--	--	12,995
Community and Economic Development	13,075	--	--	--	--	13,075
<b>Total Expenditures</b>	214,603	264,089	106,579	--	161,127	746,398
<b>Excess of Revenues Over (Under) Expenditures</b>	51,483	42,929	2,224	41,209	19,710	157,555
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	--	13,067	--	--	--	13,067
<b>Net Other Financing Sources (Uses)</b>	--	13,067	--	--	--	13,067
<b>Net Change in Fund Balance</b>	51,483	55,996	2,224	41,209	19,710	170,622
<i>Fund Balance at Beginning of Period</i>	184,012	341,848	81,143	259,835	493,552	1,360,390
<b>Fund Balance at End of Period</b>	\$ 235,495	\$ 397,844	\$ 83,367	\$ 301,044	\$ 513,262	\$ 1,531,012

The Notes to the Financial Statements are an Integral part of these Financial Statements

**Township of Blue Lake**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the Year Ended June 30, 2024**

Total Net Change in Fund Balances - Governmental Funds	\$	170,622
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their useful lives as depreciation. This is the amount by which depreciation expense of \$39,918 is exceeded by capital outlay expenditures of \$104,799.		64,881
<b>Changes in Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>235,503</u></b>

The Notes to the Financial Statements are an Integral part of these Financial Statements

**Township of Blue Lake**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**June 30, 2024**

	<b>Custodial Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 100
<i>Total Assets</i>	100
<b>LIABILITIES</b>	
Due to Other Governments	100
<i>Total Liabilities</i>	100
<b>NET POSITION</b>	
Restricted for Individuals, Organizations, and Other Governments	\$ -

The Notes to the Financial Statements are an Integral part of these Financial Statements

**Township of Blue Lake**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2024**

	<b>Custodial Fund</b>
<b>Additions</b>	
Taxes Collected for Other Governments	\$ 2,504,380
<i>Total Additions</i>	2,504,380
<b>Deductions</b>	
Payments of Property Taxes to Other Governments	2,504,380
<i>Total Deductions</i>	2,504,380
<i>Change in Net Position</i>	--
Net Position at Beginning of Period	--
<i>Net Position at End of Period</i>	\$ --

The Notes to the Financial Statements are an Integral part of these Financial Statements

## **Notes to the Financial Statements**



# Township of Blue Lake

## Notes to the Financial Statements

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Reporting Entity*

The Township of Blue Lake is a general law township located in Kankaska County. Population as of the 2010 census was 387 and the 2023 taxable value was \$101,303,349.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "The Financial Reporting Entity" includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

#### *Basis of Presentation*

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

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

#### *Fund Financial Statements*

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all nonmajor funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following fund types:

**General Fund** - This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

## Township of Blue Lake

### Notes to the Financial Statements

---

***Special revenue funds*** - These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

***Custodial funds*** - These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

In addition to the general fund, the Township reports the following major governmental funds:

The ***highway improvement fund*** provides road and highway improvements funded by property taxes. The Township works with Kankaska County Road Commission to pave and repair its roads.

The ***fire fund*** provides funding to the fire and rescue department for both operational and equipment needs.

The ***trash pickup fund*** is used to pay a contractor to collect and dispose of residential trash.

The ***improvement revolving fund*** uses rents and royalties to fund any type of improvements in the Township.

#### ***Measurement Focus/Basis of Accounting***

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other governmental fund revenues, expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

# Township of Blue Lake

## Notes to the Financial Statements

---

The revenue susceptible to accrual is property taxes, charges for service, interest income, and intergovernmental revenues. All other governmental fund revenues are recognized when received.

### ***Budgets***

The general fund and special revenue funds are under formal budgetary control. Budgets shown in the required supplementary schedules for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the required supplementary schedules, the Township's actual and budgeted expenditures for the special revenue funds have been shown on the functional basis. The general fund is reported at the activity level. The approved budgets for these funds were adopted to the activity level for the general fund and at by function for the special revenue funds.

For budgetary purposes appropriations lapse at fiscal year-end.

### ***Cash and Cash Equivalents***

Cash deposits consist of demand and time deposits with financial institutions carried at cost.

### ***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses (when allocated to the appropriate funds) when consumed rather than when purchased. A portion of the fund balance is shown as nonspendable related to prepaid items.

### ***Leases Receivable***

The Township acts as a lessor for leases involving the right to use Township assets. As per GASB 87, the Township recognizes a lease receivable and a deferred inflow of resources in its government-wide and governmental fund financial statements.

Initially, the lease receivable is measured at the present value of expected lease payments over the lease term. The lease receivable is subsequently reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Over the lease term, the deferred inflow of resources is recognized as revenue.

Significant estimates and judgments involved include determining the discount rate used to present value lease receipts, determining the lease term, and estimating lease receipts. The Township utilizes its estimated incremental borrowing rate as the discount rate for leases. The lease term

# Township of Blue Lake

## Notes to the Financial Statements

---

comprises the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable consist of fixed payments from the lessee.

The Township continually monitors changes that may necessitate a remeasurement of the lease receivable. If significant changes occur, the lease receivable will be remeasured accordingly.

### *Capital Assets*

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated capital assets are valued at acquisition value. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

	<u>Years</u>
Buildings and improvements	15 - 40
Vehicles and equipment	5 - 22

### *Compensated Absences*

The Township provides no compensated absences for its employees.

### *Property Tax Procedures and Collections*

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and / or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute. The Township levied property taxes as follows:

	<u>Millage Rate</u>
General operating	0.8123
Trash pickup	1.0000
Fire operations	1.8000
Hospital	1.6000
Roads	1.5000

# Township of Blue Lake

## Notes to the Financial Statements

---

### ***Net Position Flow Assumption***

Sometimes the Township 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 Township’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

### ***Fund Balance Flow Assumptions***

Sometimes the Township 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 Township’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.

### ***Fund Balance Policies***

In the fund financial statements fund balance is presented in five possible categories, each of which identifies the extent to which the Township is bound to honor constraints on the specific purpose for which the amounts can be spent:

*Nonspendable* – amounts which cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained directly.

*Restricted* – amounts that have constraints placed on their use by an external party or constitutional provisions or enabling legislation (grants, contributions, specific fee mandates).

*Committed* – amounts that are committed for specific purposes by the Board, as the Township’s highest level of decision-making authority, pursuant to constraints imposed by formal actions taken, such as a resolution. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specific use through the same type of formal action taken to establish the commitment.

*Assigned* – amounts that are constrained by the Board’s intent, or designee of the Board, to be used for specific purposes, but are neither restricted nor committed.

# Township of Blue Lake

## Notes to the Financial Statements

*Unassigned* – amounts that are available for any purpose. The general fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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.

## **NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.

Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The Township had the following expenditures in excess of the amount appropriated for the year ended June 30, 2024:

<u>Fund/Function</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<b>General</b>			
Elections	\$ 8,750	\$ 13,603	\$ (4,853)
Sheriff Contract	1,724	5,129	(3,405)
Hospital	12,750	12,995	(245)
<b>Fire</b>			
Public Safety	158,888	264,089	(105,201)
<b>Trash</b>			
Public Works	106,575	106,579	(4)

## **NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS**

### *Legal Provisions for Deposits and Investments*

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

1. In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.

## Township of Blue Lake

### Notes to the Financial Statements

---

2. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
3. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
4. Repurchase agreements consisting of instruments defined in (1) above.
5. In bankers' acceptances of United States Banks.
6. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
7. In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township maintains pooled and individual fund demand deposits and certificates of deposits. Following is a reconciliation of deposit and investment balances as of June 30, 2024:

Statement of net position	
Cash and cash equivalents	\$ 1,466,582
Statement of fiduciary net position	
Cash and cash equivalents	100
<b>Total</b>	<u>\$ 1,466,682</u>
Deposits	
Checking and savings accounts	\$ 1,174,294
Certificates of deposits	292,388
<b>Total</b>	<u>\$ 1,466,682</u>

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year-end, \$119,523 of the Township's bank balance of \$869,628 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC and NCUA insurance, the Township believes it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

# Township of Blue Lake

## Notes to the Financial Statements

**Custodial Credit Risk - Investments.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In order to minimize this risk, Township policy limits the types of investments and pre-qualifies financial institutions. As of June 30, 2024, none of the Township’s investments were exposed to risk since the securities are held in the Township’s name by the counterparty. The Township’s investments included certificates of deposits of \$292,388 as of June 30, 2024.

**Interest Rate Risk.** Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The Township’s investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All of the Township’s certificate of deposits, \$292,388, are due within one year.

### NOTE 4 - CAPITAL ASSETS

Capital assets of governmental activities consisted of the following at June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,705	\$ -	\$ -	\$ 1,705
Capital assets being depreciated				
Buildings and improvements	607,878	-	-	607,878
Vehicles and equipment	809,381	104,799	-	914,180
<i>Subtotal</i>	1,417,259	104,799	-	1,522,058
Less accumulated depreciation				
Buildings and improvements	297,187	17,917	-	315,104
Vehicles and Equipment	727,232	22,001	-	749,233
<i>Subtotal</i>	1,024,419	39,918	-	1,064,337
Capital assets being depreciated, net	392,840	64,881	-	457,721
<b><i>Capital assets, net</i></b>	<b>\$ 394,545</b>	<b>\$ 64,881</b>	<b>\$ -</b>	<b>\$ 459,426</b>

Depreciation expense was charged to governmental functions of the Township as follows:

<b>Governmental Activities</b>	
General Government	\$ 11,284
Public Safety	28,634
<b><i>Total Governmental Activities</i></b>	<b>\$ 39,918</b>



# Township of Blue Lake

## Notes to the Financial Statements

---

### **NOTE 5 - ECONOMIC DEPENDENCY**

Approximately 15% of the total combined 2024 property taxes and property tax administration fees for the Township were received from Blue Lake Gas/ANR Storage and Pipeline.

### **NOTE 6 - 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. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

### **NOTE 7 - CONTINGENT LIABILITIES**

The Township, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The Township's management estimate that the potential claims against the Township, not covered by insurance resulting from such litigation, would not materially affect the financial statements of the Township.

### **NOTE 8 – SUBSEQUENT EVENTS**

The Township evaluated events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 30, 2024 by management. Management does not believe that there are any subsequent events that could have a significant impact on the financial condition of the Township.

### **NOTE 9 – LEASES RECEIVABLE**

The Township is reporting total lease receivables of \$111,291 as of June 30, 2024. For fiscal year 2024 the Township reported lease revenue of \$14,252 and interest revenue of \$2,751 related to lease payments received.

*American Tower* – On September 1, 1999 the Township entered into a 5-year lease agreement with American Tower. This lease agreement included the right to extend this lease for five (6) additional and successive five year terms. The Township plans to execute all extensions. Based on this agreement, the Township is receiving monthly payments through 2028.

## **Required Supplementary Information**

**Township of Blue Lake**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>(Unfavorable)</b> <b>Final to Actual</b>
<b>Revenues</b>				
Taxes	\$ 98,646	\$ 98,646	\$ 102,781	\$ 4,135
Licenses and Permits	1,500	1,500	1,475	(25)
Intergovernmental	99,812	99,812	145,066	45,254
Interest and Rents	1,000	1,000	5,329	4,329
Other	--	--	11,435	11,435
<b>Total Revenues</b>	<u>200,958</u>	<u>200,958</u>	<u>266,086</u>	<u>65,128</u>
<b>Expenditures</b>				
<b>General Government</b>				
Township Board	43,940	43,940	43,546	394
Supervisor	17,619	17,619	15,582	2,037
Elections	8,750	8,750	13,603	(4,853)
Assessor	28,220	28,220	24,660	3,560
Clerk	28,322	28,322	27,376	946
Board of Review	2,385	2,385	1,221	1,164
Township Hall	41,481	41,481	28,179	13,302
Treasurer	30,877	30,877	29,237	1,640
<b>Total General Government</b>	<u>201,594</u>	<u>201,594</u>	<u>183,404</u>	<u>18,190</u>
<b>Public Safety</b>				
Sheriff Contract	1,724	1,724	5,129	(3,405)
<b>Health and Welfare</b>				
Hospital	12,750	12,750	12,995	(245)
<b>Community and Economic Development</b>				
Planning Board	9,280	9,280	4,127	5,153
Zoning Administrator	13,832	13,832	8,948	4,884
<b>Total Community and Economic Development</b>	<u>23,112</u>	<u>23,112</u>	<u>13,075</u>	<u>10,037</u>
<b>Total Expenditures</b>	<u>239,180</u>	<u>239,180</u>	<u>214,603</u>	<u>24,577</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(38,222)</u>	<u>(38,222)</u>	<u>51,483</u>	<u>89,705</u>
<b>Net Change in Fund Balance</b>	<b>(38,222)</b>	<b>(38,222)</b>	<b>51,483</b>	<b>89,705</b>
<i>Fund Balance at Beginning of Period</i>	184,012	184,012	184,012	--
<b>Fund Balance at End of Period</b>	<u>\$ 145,790</u>	<u>\$ 145,790</u>	<u>\$ 235,495</u>	<u>\$ 89,705</u>

**Township of Blue Lake**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Fire**  
**For the Year Ended June 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Favorable (Unfavorable) Final to Actual</b>
<b>Revenues</b>				
Taxes	\$ 150,028	\$ 150,028	\$ 151,671	\$ 1,643
Intergovernmental	9,451	9,451	114,773	105,322
Interest and Rents	800	800	11,174	10,374
Other	--	--	29,400	29,400
<b>Total Revenues</b>	<u>160,279</u>	<u>160,279</u>	<u>307,018</u>	<u>146,739</u>
<b>Other Financing Sources</b>				
Sale of Capital Assets	--	--	13,067	13,067
<b>Total Revenues and Other Financing Sources</b>	<u>160,279</u>	<u>160,279</u>	<u>320,085</u>	<u>159,806</u>
<b>Expenditures</b>				
Public Safety	158,888	158,888	264,089	(105,201)
<b>Total Expenditures</b>	<u>158,888</u>	<u>158,888</u>	<u>264,089</u>	<u>(105,201)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</b>	<u>1,391</u>	<u>1,391</u>	<u>55,996</u>	<u>54,605</u>
<b>Net Change in Fund Balance</b>	<b>1,391</b>	<b>1,391</b>	<b>55,996</b>	<b>54,605</b>
<i>Fund Balance at Beginning of Period</i>	341,848	341,848	341,848	--
<b>Fund Balance at End of Period</b>	<b>\$ 343,239</b>	<b>\$ 343,239</b>	<b>\$ 397,844</b>	<b>\$ 54,605</b>

**Township of Blue Lake**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Trash Pickup**  
**For the Year Ended June 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Favorable (Unfavorable) Final to Actual</b>
<b>Revenues</b>				
Taxes	\$ 83,349	\$ 83,349	\$ 84,259	\$ 910
Intergovernmental	6,117	6,117	24,275	18,158
Interest and Rents	(78)	(78)	269	347
<b>Total Revenues</b>	<u>89,388</u>	<u>89,388</u>	<u>108,803</u>	<u>19,415</u>
<b>Expenditures</b>				
Public Works	106,575	106,575	106,579	(4)
<b>Total Expenditures</b>	<u>106,575</u>	<u>106,575</u>	<u>106,579</u>	<u>(4)</u>
<b>Excess (Deficiency) of Revenues and Over Expenditures</b>	<u>(17,187)</u>	<u>(17,187)</u>	<u>2,224</u>	<u>19,411</u>
<b>Net Change in Fund Balance</b>	<u>(17,187)</u>	<u>(17,187)</u>	<u>2,224</u>	<u>19,411</u>
<i>Fund Balance at Beginning of Period</i>	81,143	81,143	81,143	--
<b>Fund Balance at End of Period</b>	<u>\$ 63,956</u>	<u>\$ 63,956</u>	<u>\$ 83,367</u>	<u>\$ 19,411</u>

**Township of Blue Lake**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Improvement Revolving**  
**For the Year Ended June 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Favorable (Unfavorable) Final to Actual</b>
<b>Revenues</b>				
Interest and Rents	\$ 25,288	\$ 25,288	\$ 41,209	\$ 15,921
<b>Total Revenues</b>	<u>25,288</u>	<u>25,288</u>	<u>41,209</u>	<u>15,921</u>
<b>Expenditures</b>				
Township Hall	85,000	85,000	--	85,000
<b>Total Expenditures</b>	<u>85,000</u>	<u>85,000</u>	<u>--</u>	<u>85,000</u>
<b>Excess (Deficiency) of Revenues and Over Expenditures</b>	<u>(59,712)</u>	<u>(59,712)</u>	<u>41,209</u>	<u>100,921</u>
<b>Net Change in Fund Balance</b>	<b>(59,712)</b>	<b>(59,712)</b>	<b>41,209</b>	<b>100,921</b>
<i>Fund Balance at Beginning of Period</i>	259,835	259,835	259,835	--
<b>Fund Balance at End of Period</b>	<b>\$ 200,123</b>	<b>\$ 200,123</b>	<b>\$ 301,044</b>	<b>\$ 100,921</b>

**Township of Blue Lake**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Highway Improvement**  
**For the Year Ended June 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Favorable (Unfavorable) Final to Actual</b>
<b>Revenues</b>				
Taxes	\$ 125,024	\$ 125,024	\$ 126,391	\$ 1,367
Intergovernmental	13,647	13,647	38,791	25,144
Interest and Rents	1,000	1,000	15,655	14,655
<b>Total Revenues</b>	<u>139,671</u>	<u>139,671</u>	<u>180,837</u>	<u>41,166</u>
<b>Expenditures</b>				
Public Works	442,000	442,000	161,127	280,873
<b>Total Expenditures</b>	<u>442,000</u>	<u>442,000</u>	<u>161,127</u>	<u>280,873</u>
<b>Excess (Deficiency) of Revenues and Over Expenditures</b>	<u>(302,329)</u>	<u>(302,329)</u>	<u>19,710</u>	<u>322,039</u>
<b>Net Change in Fund Balance</b>	<u>(302,329)</u>	<u>(302,329)</u>	<u>19,710</u>	<u>322,039</u>
<i>Fund Balance at Beginning of Period</i>	493,552	493,552	493,552	--
<b>Fund Balance at End of Period</b>	<u>\$ 191,223</u>	<u>\$ 191,223</u>	<u>\$ 513,262</u>	<u>\$ 322,039</u>

December 30, 2024

To the Township Board  
Township of Blue Lake, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Blue Lake, Michigan (the “Township”) as of and for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 11, 2024. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 to the financial statements. There were no new accounting policies adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2024. We noted no transactions entered by the Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Township’s financial statements were:

- Management’s estimate of the useful life of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.

We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.



### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 30, 2024.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to management's discussion and analysis, budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**Restriction on Use**

This information is intended solely for the information and use of the Township Board of Trustees and management of the Township and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the company.

Gabridge & Company, PLC  
Traverse City, MI