PRESQUE ISLE TOWNSHIP

PRESQUE ISLE COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
(with required and other supplementary information)
YEAR ENDED JUNE 30, 2025

SCHULZE, OSWALD, MILLER & EDWARDS PC
CERTIFIED PUBLIC ACCOUNTANTS
989-354-8707

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
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INDEPENDENT AUDITORS' REPORT

Township Board
Presque Isle Township
Presque Isle County, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Presque Isle Township, Presque Isle County, Michigan (the Township) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Presque Isle Township, Presque Isle County, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Schulze, Oswald, Miller & Edwards PC

Schulze, Oswald, Miller & Edwards PC
Alpena, Michigan
August 7, 2025

As management of Presque Isle Township, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the financial statements and related footnotes which follow this report.

FINANCIAL HIGHLIGHTS

- The government-wide assets of the Township exceeded its liabilities at the close of the most recent fiscal year by $2,901,260 *(net position).* Of this amount, $995,242 *(unrestricted net position)* may be used to meet the government's ongoing obligations to citizens and creditors.

- The Township's total net position increased by $43,651, which was comprised of an increase in fund balance of the governmental activities of $15,437 and an increase of $28,214 in the business-type activities.

- The Township incurred expenses of $1,035,582 in governmental activities and $147,086 of business-type activities for expenses totaling $1,182,668 during the year ended June 30, 2025.

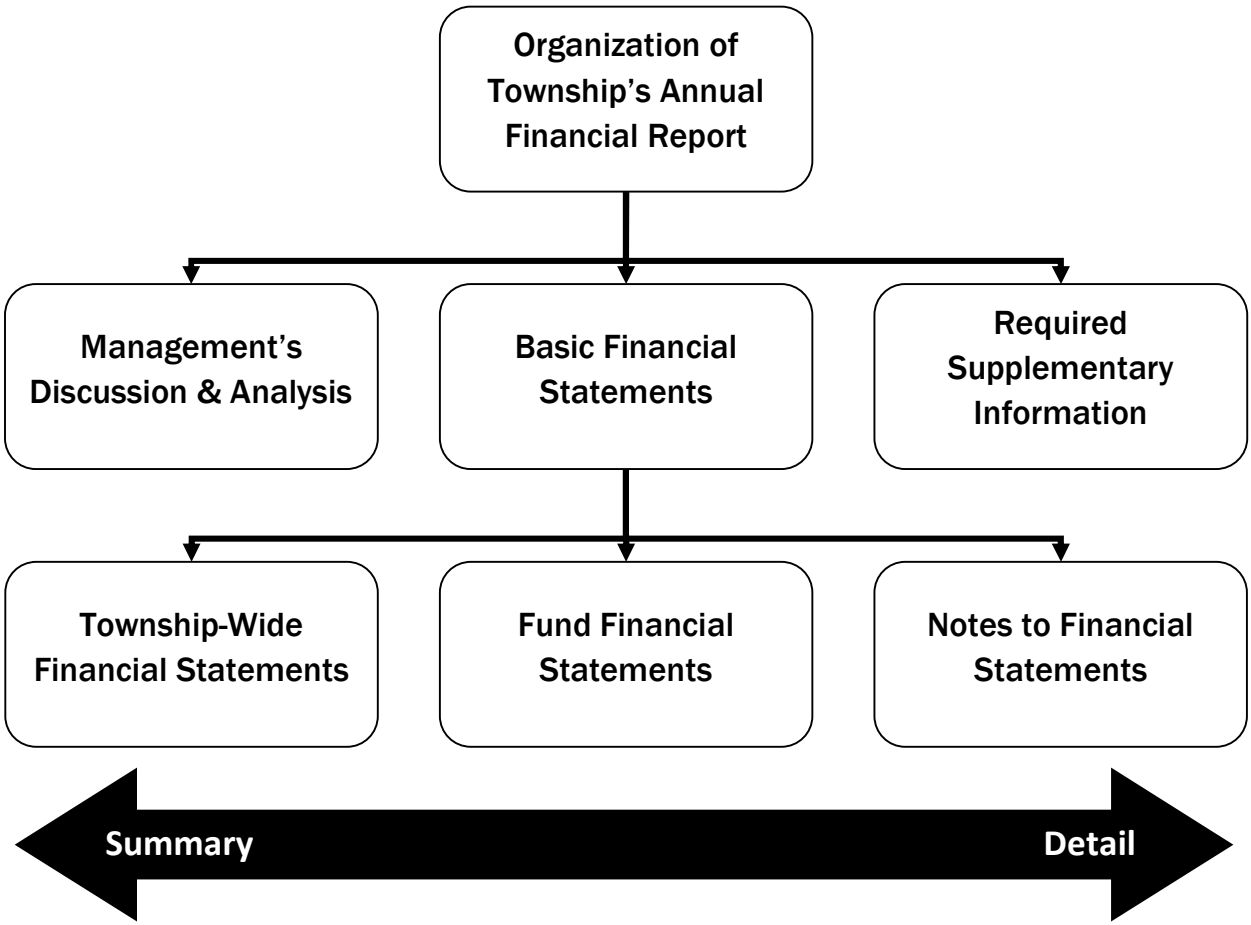
- At the close of the fiscal year, the Township's governmental funds reported a combined ending fund balance of $1,489,229, with $329,975 restricted for road improvements; $57,954 restricted for special road assessments; $234,839 restricted for public safety $33,689 restricted for cemetery maintenance; $61,321 restricted for lighthouse restoration; $37,626 committed for capital outlay; $10,144 committed for recreational/long range; $9,081 committed for bike path; $73,207 committed for Lighthouse Park; $3,007 committed for directional signs and $638,386 available as unassigned fund balances.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $636,444 or 114% of total general fund expenditures and transfers to other funds.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Presque Isle Township financially as a whole. The *Government-Wide Financial Statements* provide information about the activities of the whole Township, presenting both an aggregate view of the Township's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements look at the Township's governmental funds. The remaining statement, the Statement of Fiduciary Net Position, presents financial information about activities for which the Township acts solely as an agent for the benefit of others. The annual report is arranged as seen on the chart on the next page.

The following chart illustrates how the various parts of this annual report are arranged and related to one another.



Reporting the Township as a Whole – Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities, which appear first in the Township's financial statements, report information about the Township as a whole using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The Statement of Net Position includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

These two statements report the Township's net position and how they have changed. Net position – the difference between assets and liabilities, as reported in the Statement of Net Position – is one way to measure the Township's financial health, or position. Over time, increases or decreases in the Township's net position – as reported in the Statement of Activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Township's operating results. However, the Township's goal is to provide services to our taxpayers, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the services provided to assess the overall health of the Township.

The Statement of Net Position and Statement of Activities report the governmental activities for the Township, which encompass all of the Township's services, including general government, public safety, public works, recreation, and culture and debt service. Property taxes and state shared revenue finance most of these activities.

Reporting the Township's Most Significant Funds – Fund Financial Statements

The Township's Fund Financial Statements provide detailed information about the most significant funds – not the Township as a whole. Some funds are required to be established by state law and by bond covenants. However, the Township may establish other funds to help it control and manage money for a particular purpose (the Road Special Assessment Funds are examples) or to show that it is meeting its legal responsibilities for using certain taxes, grants, or other money. The governmental funds of the Township use the following accounting approach:

Governmental funds - All of the township's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year end that are available for spending. They are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash.

The Governmental Fund Statements provide a detailed short-term view of the operations of the Township and the services it provides. Governmental fund information helps you to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation.

The Township as Trustee - Reporting the Township's Fiduciary Responsibilities

The Township is a trustee, or fiduciary, for its collection of taxes. All of the Township's fiduciary activities are reported in separate statements of Fiduciary Net Position. We excluded these activities from the Township's other financial statement because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

The Township as a Whole

Recall that the Statement of Net Position provides the perspective of the Township as a whole. The following provides a summary of the Township's net position as of June 30, 2025, and 2024:

SUMMARY OF THE TOWNSHIP'S NET POSITION

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	6/30/2025	6/30/2024	**6/30/2025**	6/30/2024	**6/30/2025**	6/30/2024
Current & Other Assets	**$ 1,624,590**	$ 1,496,896	**$ 231,456**	$ 196,420	**$ 1,856,046**	$ 1,693,316
Capital Assets (net)	**1,188,240**	1,284,070	**-**	-	**1,188,240**	1,284,070
Total Assets	**2,812,830**	2,780,966	**231,456**	196,420	**3,044,286**	2,977,386
Current Liabilities	**135,361**	131,398	**7,665**	-	**143,026**	131,398
Noncurrent Liabilities	**-**	-	**-**	-	**-**	-
Total Liabilities	**135,361**	131,398	**7,665**	-	**143,026**	131,398
Net Position:						
Invested in Capital Assets Net of Related Debt	**1,188,240**	1,284,070	**-**	-	**1,188,240**	1,284,070
Restricted	**717,778**	599,729	**-**	-	**717,778**	599,729
Unrestricted	**771,451**	765,769	**223,791**	195,578	**995,242**	962,047
Total Net Position	**$ 2,677,469**	$ 2,649,568	**$ 223,791**	$ 195,578	**$ 2,901,260**	$ 2,845,846

The above analysis focuses on the net position. The change in net position of the Township's governmental activities is discussed on the following page. The Township's net position was $2,901,260 on June 30, 2025. Capital assets, net of related debt totals $1,188,240 and compares the original cost, less depreciation of the Township's capital assets to long-term debt used to finance the acquisition of those assets. Of the remaining amount of the net position, $717,778 is restricted for specific purposes while the balance of $995,242 was unrestricted.

The $771,451 in Unrestricted Net Position of Governmental Activities represents the *accumulated* results of all past years' operations. The Unrestricted Net Position balance enables the Township to meet working capital and cash flow requirements, as well as provide for future uncertainties. The operating results of the General and Special Revenue funds will have a significant impact on the change in the Unrestricted Net Position from year to year.

(MANAGEMENT'S DISCUSSION AND ANALYSIS ARE CONTINUED ON NEXT PAGE)

The results of this year's operations for the Township as a whole are reported in the Statement of Activities which shows the changes in net position for fiscal year 2025 and a comparative of fiscal year 2024.

SUMMARY OF THE TOWNSHIP'S CHANGES IN NET POSITION

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
Revenues:	**6/30/2025**	6/30/2024	**6/30/2025**	6/30/2024	**6/30/2025**	6/30/2024
Program Revenues:						
Charges for Services	**$ 75,245**	$ 44,436	**$ 160,402**	$ 160,133	**$ 235,647**	$ 204,569
Operating Grants					**-**	-
and Contributions	**12,052**	55,356	**13,317**	15,179	**25,369**	70,535
Capital Grants					**-**	-
and Contributions	**835**	6,015	**-**	-	**835**	6,015
General Revenues:					**-**	-
Property Taxes	**715,289**	672,639	**-**	-	**715,289**	672,639
State-Shared Revenues	**184,077**	183,661	**-**	-	**184,077**	183,661
Investment Earnings	**12,411**	26,840	**1,581**	1,699	**13,992**	28,539
Other	**45,246**	231,147	**-**	614	**45,246**	231,761
Nonoperating Revenues	**3,261**	3,367	**-**	-	**3,261**	3,367
Rents & Royalties	**782**	1,251	**-**	-	**782**	1,251
Swamp Tax	**1,821**	1,531	**-**	-	**1,821**	1,531
Public/Private Donations	**-**	-	**-**	-	**-**	-
Transfers	**-**	25,000	**-**	-	**-**	25,000
Total Revenues	**1,051,019**	1,251,243	**175,300**	177,625	**1,226,319**	1,428,868
Expenses:						
Legislative	**124,259**	130,740	**-**	-	**124,259**	130,740
General Government	**365,152**	235,441	**-**	-	**365,152**	235,441
Public Safety	**347,915**	361,315	**-**	-	**347,915**	361,315
Public Works	**120,599**	410,790	**-**	-	**120,599**	410,790
Community Development	**28,994**	26,017	**-**	-	**28,994**	26,017
Parks & Recreation	**9,326**	39,683	**147,086**	146,977	**156,412**	186,660
Health & Welfare	**22,284**	20,278	**-**	-	**22,284**	20,278
Other	**17,053**	13,531	**-**	-	**17,053**	13,531
Transfers	**-**	-	**-**	25,000	**-**	25,000
Total Expenses	**1,035,582**	1,237,795	**147,086**	171,977	**1,182,668**	1,409,772
Changes in Net Position	**$ 15,437**	$ 13,448	**$ 28,214**	$ 5,648	**$ 43,651**	$ 19,096

As reported in the Statement of Activities, the cost of all of our *governmental* activities this year was $1,035,582. Certain activities were partially funded by those who benefited from the programs which amounted to $75,245. The Township paid for the remaining "public benefit" portion of our governmental activities with $715,289 in taxes, $184,077 in state revenue sharing, $45,246 with our other revenues, and $12,887 in grants (i.e., other general revenues).

The Township experienced an increase in net position of $15,437. Key reasons for the change in net position included property taxes in the amount of $715,289 and state-shared revenue increases.

As discussed in the previous paragraph, the net cost shows the financial burden that was placed on the Township's taxpayers by each of these functions. Since property taxes for operations and state revenue sharing constitute the majority of Township operating revenue sources, the Township Board must annually evaluate the needs of the Township and balance those needs with State-prescribed available unrestricted resources.

Business-Type Activities

The Township's business-type activities consist of the operation and maintenance of the Gift Shop. During the year ended June 30, 2025, the gift shop experienced an increase in net position of $28,214 and ended the year with total net position of $223,791.

The Township's Funds

As we noted earlier, the Township uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Township is being accountable for the resources taxpayers and others provide and may provide more insight into the Township's overall financial health. As of June 30, 2025, the governmental funds reported a combined fund balance of $1,489,229 which is an increase of $111,267 from last year. The General Fund balance available to fund general operations costs for services remains stable at $636,444, otherwise known as unassigned funds.

General Fund Budgetary Highlights

Over the course of the year, the Township revised its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. (A schedule showing the Township's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements).

Capital Assets and Debt Administration

Capital Assets

On June 30, 2025, the Township had $1,188,241 invested in capital assets, including land, land improvements, buildings and improvements, and office equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of approximately $95,829 from last year.

	6/30/2025	6/30/2024
Land	$ 206,500	$ 206,500
Land Improvements	170,378	170,378
Buildings	314,340	314,340
Building Improvements	149,197	135,772
Intangibles	108,928	108,928
Lighthouse	656,438	656,438
Equipment	763,740	763,740
Total Capital Assets	2,369,521	2,356,096
Less Accumulated Depreciation	(1,181,280)	(1,072,026)
Net Capital Assets	$ 1,188,241	$ 1,284,070

There was $13,424 in new additions for capital assets this year, and no dispositions.

Debt

On June 30, 2025, the Township had no remaining outstanding bonded debt.

Economic Factors and Next Year's Budgets and Rates

Our Township Board and administration consider many factors when setting the Township's 2025-26 fiscal year budget. The 2025-26 fiscal year budget was adopted in June 2025 based on property tax, and state revenue estimates available at that time.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide its readers with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have a question about this report or need additional information, contact the office of the Township Clerk; 12653 East Grand Lake Road; Presque Isle, Michigan, 49777.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
JUNE 30, 2025

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets			
Cash & Cash Equivalents	$ 721,285	$ -	$ 721,285
Restricted Cash & Cash Equivalents	805,514	186,039	991,553
Community Foundation Money Market	58,682	-	58,682
Due from Other Governments	29,480	-	29,480
Accounts Receivable (net of allowance)	8,514	-	8,514
Inventory	-	46,532	46,532
Internal Balances	1,115	(1,115)	-
Total Current Assets	1,624,590	231,456	1,856,046
Noncurrent Assets			
Capital Assets	2,369,520	-	2,369,520
Accumulated Depreciation	(1,181,280)	-	(1,181,280)
TOTAL ASSETS	2,812,830	231,456	3,044,286
LIABILITIES			
Current Liabilities			
Payroll Liabilities	6,940	-	6,940
Accounts Payable	20,558	7,665	28,223
Sales Tax Liability	-	-	-
Unearned Revenue	107,863	-	107,863
Total Current Liabilities	135,361	7,665	143,026
TOTAL LIABILITIES	135,361	7,665	143,026
NET POSITION			
Inv. in Fixed Assets Net of Rel. Debt	1,188,240	-	1,188,240
Restricted for:			
Roads Improvements	387,929	-	387,929
Public Safety	234,839	-	234,839
Cemetery	33,689	-	33,689
Lighthouse Restoration	61,321	-	61,321
Unrestricted	771,451	223,791	995,242
TOTAL NET POSITION	**$ 2,677,469**	**$ 223,791**	**$ 2,901,260**

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

		PROGRAM REVENUES			NET (EXPENSE) REVENUE		
					PRIMARY GOVERNMENT		
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government							
Governmental Activities:							
Legislative	$ 124,259	$ -	$ -	$ -	$ (124,259)	$ -	$ (124,259)
General Government	365,152	9,750	5,157	-	(350,245)	-	(350,245)
Public Safety	347,915	-	-	835	(347,080)	-	(347,080)
Public Works	120,599	14,005	-	-	(106,594)	-	(106,594)
Health & Welfare	22,284	48,090	-	-	25,806	-	25,806
Community/Economic Development	28,994	-	-	-	(28,994)	-	(28,994)
Recreation & Culture	9,326	3,400	6,895	-	969	-	969
Other	17,053	-	-	-	(17,053)	-	(17,053)
Total Governmental Activities	1,035,582	75,245	12,052	835	(947,450)	-	(947,450)
Business-type Activities:							
Venture Fund	147,086	160,402	13,317	-	-	26,633	26,633
Total Business-type Activities	147,086	160,402	13,317	-	-	26,633	26,633
Total Primary Government	$ 1,182,668	$ 235,647	$ 25,369	$ 835	(947,450)	26,633	(920,817)
		General Purpose Revenues and Transfers:					
		Revenues					
		Property Taxes			715,289	-	715,289
		State Revenue Sharing			184,077	-	184,077
		Interest & Dividends			12,411	1,581	13,992
		Rents & Royalties			782	-	782
		Swamp Tax			1,821	-	1,821
		Other State Revenue			3,261	-	3,261
		Other Revenue			45,246	-	45,246
		Transfers			-	-	-
		Total General Revenues and Transfers			962,887	1,581	964,468
		Change in Net Position			**15,437**	**28,214**	**43,651**
		Net Position at Beginning of Period			2,662,032	195,577	2,857,609
		Net Position at End of Period			**$ 2,677,469**	**$ 223,791**	**$ 2,901,260**

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS - BALANCE SHEET
JUNE 30, 2025

		SPECIAL REVENUE				
	GENERAL	PRESQUE ISLE TOWNSHIP FIRE #2	ARPA FUND	EAST GRAND LAKE FIRE DEPARTMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash & Cash Equivalents	$ 611,480	$ -	$ 109,805	$ -	$ -	$ 721,285
Restricted Cash & Cash Equivalents	402,714	344,846	-	-	57,954	805,514
Community Foundation Money Market	58,682	-	-	-	-	58,682
Due from Other Governments	29,480	-	-	-	-	29,480
Accounts Receivable	-	8,514	-	-	-	8,514
Prepaid Expense	-	-	-	-	-	-
Due from Other Funds	115,366	-	-	-	-	115,366
TOTAL ASSETS	**$ 1,217,722**	**$ 353,360**	**$ 109,805**	**$ -**	**$ 57,954**	**$ 1,738,841**
LIABILITIES						
Payroll Liabilities	$ 6,940	$ -	$ -	$ -	$ -	$ 6,940
Accounts Payable	16,288	4,270	-	-	-	20,558
Unearned Revenue	-	-	107,863	-	-	107,863
Due to Other Funds	-	114,251	-	-	-	114,251
TOTAL LIABILITIES	23,228	118,521	107,863	-	-	249,612
FUND BALANCE						
Restricted	424,985	234,839	-	-	57,954	717,778
Committed	133,065	-	-	-	-	133,065
Unassigned	636,444	-	1,942	-	-	638,386
TOTAL FUND BALANCE	1,194,494	234,839	1,942	-	57,954	1,489,229
TOTAL LIABILITIES AND FUND BALANCE	**$ 1,217,722**	**$ 353,360**	**$ 109,805**	**$ -**	**$ 57,954**	**$ 1,738,841**

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS - RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balance - Governmental Funds	$	1,489,229
Capital assets used in governmental activities are not financial resources, and are not reported in the funds.		
The cost of capital assets is:		2,369,520
Accumulated Depreciation is:		(1,181,280)
Total Net Position-Governmental Funds	**$**	**2,677,469**

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

		SPECIAL REVENUE				
	GENERAL	PRESQUE ISLE TOWNSHIP FIRE #2	ARPA FUND	EAST GRAND LAKE FIRE DEPARTMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Property Taxes	$ 281,570	$ 203,829	$ -	$ 214,108	$ 15,783	$ 715,290
State Revenue Sharing	184,077	-	-	-	-	184,077
Interest & Dividends	8,652	2,529	808	-	421	12,410
Rents & Royalties	782	-	-	-	-	782
Swamp Tax	1,821	-	-	-	-	1,821
Charges for Services	27,155	48,090	-	-	-	75,245
Other State Grants	5,295	3,123	-	-	-	8,418
Other Revenue	39,269	5,977	-	-	-	45,246
Public/Private Donations	6,895	835	-	-	-	7,730
Gain (loss) on Investment	-	-	-	-	-	-
TOTAL REVENUES	555,516	264,383	808	214,108	16,204	1,051,019
EXPENDITURES						
Legislative	124,259	-	-	-	-	124,259
Supervisor	15,824	-	-	-	-	15,824
Elections	17,814	-	-	-	-	17,814
Assessor	63,942	-	-	-	-	63,942
Payroll Administration & Office Personnel	25,203	-	-	-	-	25,203
Clerk	30,902	-	-	-	-	30,902
Board of Review	2,614	-	-	-	-	2,614
Treasurer	34,039	-	-	-	-	34,039
Cemetery	6,700	-	-	-	-	6,700
Town Hall	51,432	-	-	-	-	51,432
Public Safety	711	133,096	-	214,108	-	347,915
Public Works	116,759	-	-	-	3,840	120,599
Health & Welfare	-	22,284	-	-	-	22,284
Community/Economic Development	28,994	-	-	-	-	28,994
Recreation & Culture	9,326	-	-	-	-	9,326
Other	17,053	-	-	-	-	17,053
Capital Outlay	13,424	7,428	-	-	-	20,852
TOTAL EXPENDITURES	558,996	162,808	-	214,108	3,840	939,752
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,480)	101,575	808	-	12,364	111,267
OTHER FINANCING SOURCES (USES)						
Transfers from Other Funds	-	-	-	-	-	-
Transfers to Other Funds	-	-	-	-	-	-
NET OTHER FINANCING SOURCES (Uses)	-	-	-		-	-
NET CHANGE IN FUND BALANCE	**(3,480)**	**101,575**	**808**	**-**	**12,364**	**111,267**
FUND BALANCE AT BEGINNING OF PERIOD	1,197,974	133,264	1,134	-	45,590	1,377,962
FUND BALANCE AT END OF PERIOD	**$ 1,194,494**	**$ 234,839**	**$ 1,942**	**$ -**	**$ 57,954**	**$ 1,489,229**

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
FUND FINANCIAL STATEMENTS
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Total Net Change in Fund Balances - Governmental Funds	$	111,267
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation.		
Depreciation Expense		(109,254)
Gain/Loss on Disposal		-
Capital Outlay		13,424
Changes in Net Position-Governmental Funds	**$**	**15,437**

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	
	LIGHTHOUSE GIFT SHOPS FUND	TOTAL ENTERPRISE FUNDS
ASSETS		
Current Assets		
Restricted Cash & Cash Equivalents	$ 186,039	$ $ 186,039
Inventory	46,532	46,532
Due from Other Funds	-	-
Total Current Assets	232,571	232,571
TOTAL ASSETS	232,571	232,571
LIABILITIES		
Current Liabilities		
Accounts Payable	7,665	7,665
Sales Tax Liability	-	-
Due to Other Funds	1,115	1,115
Total Current Liabilities	8,780	8,780
TOTAL LIABILITIES	8,780	8,780
NET POSITION		
Unrestricted	223,791	223,791
TOTAL NET POSITION	**$ 223,791**	**$ 223,791**

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	
	VENTURE FUND	TOTAL ENTERPRISE FUNDS
OPERATING REVENUES		
Public/Private Donations	$ 13,317	$ 13,317
Other Revenue	-	-
Gift Shop Revenue	160,402	160,402
TOTAL OPERATING REVENUES	173,719	173,719
OPERATING EXPENSES		
Merchant Supplies	68,929	68,929
Salaries, Wages, & Payroll Taxes	49,016	49,016
Supplies & Other	29,141	29,141
TOTAL OPERATING EXPENSES	147,086	147,086
OPERATING INCOME (LOSS)	26,633	26,633
NON-OPERATING REVENUES (EXPENSES)		
Interest & Dividends	1,581	1,581
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	28,214	28,214
Transfers from Other Funds	-	-
Transfers to Other Funds	-	-
CHANGE IN NET POSITION	**28,214**	**28,214**
NET POSITION AT BEGINNING OF PERIOD	195,577	195,577
NET POSITION AT END OF PERIOD	**$ 223,791**	**$ 223,791**

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

	BUSINESS-TYPE ACTIVITIES	
	LIGHTHOUSE GIFT SHOPS FUND	
OPERATING ACTIVITIES		
Cash Received from Customers	$	160,402
Grants and Donations		13,317
Cash Payments to Suppliers and Employees		(140,170)
Net Cash Provided (used) by Operating Activities		33,549
NONCAPITAL FINANCING ACTIVITIES		-
CAPITAL AND RELATED FINANCING ACTIVITIES		
Sale of Capital Assets		-
Acquisition and Construction of Capital Assets		-
Net Cash Provided (used) by Capital and Related Financing Activities		-
INVESTING ACTIVITIES		
Interest and Dividends Received		1,581
Net Cash Provided (used) by Investing Activities		1,581
Net Increase (decrease) in Cash		35,130
Cash, Beginning of Year		150,909
Cash, End of Year	$	186,039
Reconciliation of Operating Income (loss) to Net Cash Provided (used) by Operating Activities		
Operating Income (loss)	$	26,633
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
(Increase) decrease in Inventory		(32)
(Increase) decrease in Prepaid Expenses		-
Increase (decrease) in Accounts Payable/Due to Other Funds		-
		6,948
Net cash Provided (used) by Operating Activities	**$**	**33,549**

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

	CUSTODIAL FUND (CURRENT TAX COLLECTION FUND)
ASSETS	
Restricted Cash & Cash Equivalents	$ 939
NET POSITION	
Restricted for Individuals, Organizations and Other Governments	$ 939

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2025

	CUSTODIAL FUND (CURRENT TAX COLLECTION FUND)
ADDITIONS	
Property Tax Collections for Other Governments	$ 6,366,540
Miscellanous Income	-
Total Revenue	6,366,540
DEDUCTIONS	
Distributed Property Taxes to Other Governments	6,365,601
Miscellaneous Expense	-
Total Expenses	6,365,601
Change in Net Position	877
Net Position - Beginning of Year	62
Net Position - End of Year	$ 939

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting framework and the significant accounting principles and practices of Presque Isle Township, Presque Isle County, Michigan (the "Township") are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the Township's financial activities for the year ended June 30, 2025.

THE FINANCIAL REPORTING ENTITY

The Township's financial statements include the accounts of all Township operations. In accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, the Township is financially accountable if it appoints a voting majority of an organization's governing board and (1) it is able to impose its will on the organization, or (2) there is potential for the organization to provide specific financial benefit to, or impose specific financial burden on, the Township.

Additionally, the Township is required to consider other organizations for which the nature and significance of their relationship with the Township are such that exclusion would cause the Township's financial statements to be misleading or incomplete.

Presque Isle Township does not have any component units, entities for which the government is considered to be financially accountable.

The Township is governed by an elected five-member Township Board, composed of the Supervisor, the Clerk, the Treasurer, and two Trustees. The Township Supervisor acts as the Chief Administrative Executive Officer.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the Township as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and general revenues.

As a general rule, the effect of interfund activity has been eliminated from the Government-wide Financial Statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with that function. Program revenues include: (1) charges for services - which report fees, fines and forfeitures, and other charges to users of the Township's services; (2) operating grants and contributions - which finance annual operating activities including restricted investment income; and (3) capital grants and contributions - which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Fund Financial Statements

The Balance Sheets and Statements of Revenues, Expenditures/Expenses and Changes in Fund Balance/Net Position (i.e. Fund Financial Statements) for the Township's governmental and proprietary funds display information about the major and aggregated non-major funds for the various fund types. Major funds are generally those that represent 10% or more of the respective fund type's assets, liabilities, revenues, or expenditures.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the Township are prepared in accordance with GAAP, and the Township applies all relevant GASB pronouncements.

Basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions in expenses. Proprietary Fund Financial Statements also report using the same focus and basis of accounting, although internal activity is eliminated in these statements.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The governmental funds use a financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the financial resource's measurement focus, only current assets and current liabilities are generally included on Governmental Fund Balance Sheets. An exception to this general rule is long-term interfund advances, which are recorded on Governmental Fund Balance Sheets. The Governmental Fund Operating Statements present a summary of sources and uses of available spendable resources. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, (i.e., both measurable and available). Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Grants are recognized when grantor eligibility requirements are met. Current expenditures generally are recorded when the fund liability is incurred, if measurable. Exceptions to this general rule include principal and interest on long-term debt, which is recognized when due, and accrued vacation and sick leave, which is recorded when payable from current available financial resources.

FUND TYPES AND MAJOR FUNDS

The government reports the following major governmental funds:

General Fund
The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The fund includes the general operating expenditures of the Township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Presque Isle Township Fire #2
This fund is used to account for tax levies for the purpose of providing fire protection authorized by a vote of the electors of Presque Isle Township. In 2023, the entity began Ambulance Services as well.

ARPA Fund
This fund accounts for the resources and revenues that are restricted for expenditures that fall in line with the American Rescue Plan Act.

East Grand Lake Fire Department
This fund is used to account for the tax levies for purpose of providing authorized fire protection.

The government reports the following major proprietary funds:

Lighthouse Gift Shops Fund
Accounts for the gift shop activity at Old Lighthouse Park.

Fiduciary Funds

Current Tax Collection Fund - The Custodial Fund accounts for assets held by the Township in a trustee capacity. Custodial Funds are custodial in nature (assets equals liabilities), and do not involve the measurement of results of operations.

BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted by Township officials for the primary government's General and Special Revenue Funds. The budget basis of accounting does not differ significantly from modified accrual basis used to reflect actual revenues and expenditures for these funds. The budget is adopted at the functional level and control is exercised at the functional level. All annual appropriations lapse at the fiscal year end.

CASH AND INVESTMENTS

Cash consists of checking and savings accounts.

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

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
b. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.
c. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) 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 is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
e. The United States government of Federal agency obligations repurchase agreements.
f. Bankers acceptances of United States banks.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

INTERFUND TRANSACTIONS AND BALANCES

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Due to/from other funds are short-term interfund balances that occur in the normal course of operations. Advances to/from other funds are long-term interfund financing arrangements. Outstanding balances on the Government-wide Statement of Net Position are captioned "internal balances". Operating transfers in and out arise in the normal course of operations from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital and Right to Use Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received.

Expenditures for maintenance, repairs and renewals are charged to operations as incurred and betterments are capitalized. The Township eliminates the cost and related allowances from the accounts for assets sold or retired and resulting gains or losses, therefore, are included in operations concurrently. Donated fixed assets are recorded at their fair market values as of the date received. The right to use assets are capitalized at their historical cost.

The Township's capitalization policy is to capitalize individual amounts exceeding $5,000.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. The right to use assets are amortized over the life of the lease. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and Improvements	15 - 50 years
Land Improvements	20 years
Office Equipment	5 years
Right to Use - Leased Equipment	5 years

Intangible right-to-use assets are amortized over the shorter of the lease/SBITA term, or the useful life of the underlying asset.

Unearned Revenue

The Township received $164,149 of American Rescue Plan Act funding. The amount spent during the fiscal year was $0 for a total spent to date of $56,286. The remaining amount of $107,863 is reported as unearned revenue until spent. At that time, it will be recognized as federal income.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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 any deferred inflows of resources.

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.

Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of restricted, committed, assigned, and unassigned fund balances). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances 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 funds 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 Equity

In the Fund Financial Statements, governmental funds report the following classifications of fund balance:

Non-spendable - Includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
Restricted - Includes amounts restricted by external sources (creditors, laws of other governments, etc.), or by constitutional provision or enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Committed - Includes amounts that can only be used for specific purposes determined by a formal action by Board Resolution. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (Board Resolution) that was employed when the funds were initially committed.

Assigned - Includes amounts a government intends to use for a specific purpose. Intent can be expressed by the Board, or by an official or body to which the Board delegates the authority.

Unassigned - Includes amounts that are available for any purpose. Positive amounts are only reported in the *General Fund.*

Restricted resources are used first when an expense is incurred for which both restricted and unrestricted resources are available. When an expenditure is incurred for which restricted, committed, assigned, or unassigned fund balances are available, the Township considers amounts to have been spent first from committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

NOTE 2 - CASH AND INVESTMENTS

As of March 31, 2025, the Township had deposits subject to the following risk:

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of June 30, 2025, the carrying amount of the Township's deposits was $1,772,459 and the bank balance was $1,816,161 of which $703,472 was covered by federal depository insurance. The remaining balance of $1,112,689 was uninsured and uncollateralized.

At June 30, 2025, the Township's cash and investments included the following:

	Governmental Activities	Business-Type Activities	Fiduciary Funds
Cash and Cash Equivalents	$ 721,285	$ -	$ -
Restricted Cash & Cash Equivalents	805,514	186,039	939
Community Foundation Money Market	58,682	-	-
Total	$ 1,585,481	$ 186,039	$ 939

The breakdown between deposits and investments is as follows:

	Primary Government
Bank Deposits (checking accounts, savings accounts, and Certificates of Deposit)	$ 1,712,838
Money Market Investment	58,682
Total	$ 1,771,520

The Township will minimize custodial credit risk, which is the risk of loss due to the failure of security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker / dealer, intermediaries, and advisors with which the Township will do business.

NOTE 2 - CASH AND INVESTMENTS (continued)

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As of June 30, 2025, the Township did not have any investments that would be subject to rating.

Interest Rate Risk

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

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.

NOTE 3 - PROPERTY TAXES

Property taxes are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14, with the final collection date of February 28 before they are added to the delinquent County of Presque Isle tax rolls. Assessed values are established annually and are equalized by the state at an estimated 50% of current market value. Property in Presque Isle Township for the 2024 levy was assessed at a taxable value of $189,828,034. The Township's general operating rate is currently .988 mills with additional mills of 2.49350 for Presque Isle Township Fire Department #2.

These millages raised $199,300 in operating revenue, $202,693 for Presque Isle Fire Department #2, and 214,108 for Presque Isle Fire Department #1.

By agreement with the County of Presque Isle, delinquent real property taxes are purchased by the County of Presque Isle. The proceeds from the County's purchase of the delinquent taxes are used to liquidate the Township's delinquent real property taxes receivables.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the current fiscal year follows:

	Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025
GOVERNMENTAL ACTIVITIES:				
Capital Assets not Being Depreciated				
Land	$ 206,500	$ -	$ -	$ 206,500
Capital Assets Being Depreciated				
Land Improvements	170,378	-	-	170,378
Buildings	314,340	-	-	314,340
Fire Equipment	709,311	-	-	709,311
Building Improvements	135,772	13,424	-	149,196
Lighthouse	656,438	-	-	656,438
Intangibles	108,928	-	-	108,928
Equipment	54,429	-	-	54,429
Total Capital Assets Being Depreciated	2,149,596	13,424	-	2,163,020
Less: Accumulated Depreciation or Amortization	(1,072,026)	(109,254)	-	(1,181,280)
Total Capital Assets Being Depreciated or Amortized, net	1,077,570	(95,829)	-	981,741
Governmental Activities, Capital Assets, net	$ 1,284,070	$ (95,829)	$ -	$ 1,188,241

Total depreciation/amortization expense for the year ended June 30, 2025, was $109,254. Of this amount, $20,466 is allocated to the General Government; $7,262 to Health & Welfare; $57,709 to Public Safety, and $23,817 to Parks and Recreation.

NOTE 5 - LONG - TERM DEBT – GENERAL FUND

There was no long-term debt as of June 30, 2025.

NOTE 6 - INTERFUND ACTIVITY

INTERFUND RECEIVABLES/PAYABLES

The fund showing a "due to" owes another fund the amount listed. The fund showing a "due from" is owed the amount listed.

	Due to Other Funds		Due from Other Funds
Lighthouse Gift Shops Fund to General Fund	$ 1,115	General Fund from Lighthouse Gift Shops	$ 1,115
PIT #2 Fund to General Fund	114,251	General Fund from PIT#2 Fund	114,251
	$ 115,366		$ 115,366

Interfund transfers consisted of the following as of June 30, 2025.

	Transfers In		Transfers Out
General Fund	$ -	PIT #2 Fire Fund	$ -
	$ -		$ -

NOTE 7 - EMPLOYEE SICK AND VACATION LEAVE

Township employees are not paid out for accumulated vacation and sick pay upon separation from employment; therefore, no liability has been shown in the financial statements in accordance with GASB Statement No. 16, *Accounting for Compensated Absences.*

NOTE 8 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted by Township officials in compliance with GAAP and State law, specifically PA 2 of 1968 (the Uniform Budgetary Act), for the General Fund. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level, although the general fund budget is maintained at the functional level. State law requires the Township to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits entities to amend their budgets during the year.

Budgets are to be prepared on the same basis of accounting as the financial statements. The Township prepared its budgets using the cash basis of accounting.

Individual budget amendments were not material in relation to the original appropriations, with the exception of interfund transfers.

The Township follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the Township Clerk submits to the Township Council a proposed operating budget for the fiscal year, commencing on July 1.

2. Public hearings are conducted to obtain taxpayer comments.

NOTE 8 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

3. Prior to June 30, the budget is legally enacted through passage of a resolution.

4. Budgeted amounts are as originally adopted, or as amended by the Township Council.

5. All appropriations lapse at year-end.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETED FUNDS

PA 2 of 1968, as amended, (MCL 141.421 et seq.) provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the governmental funds have been shown on a functional basis.

During the year ended June 30, 2025, the Township did incur expenditures in excess of the amount budgeted. However, based on the 10% variance allowed by the statue the Township is still in compliance.

NOTE 9 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and worker's compensation benefits provided to employees. The Township has purchased commercial insurance for property, personal liability, umbrella coverage, worker's compensation, and medical benefits claims. Settled claims for commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

NOTE 10 - RECEIVABLES

Receivables for the primary government on June 30, 2025, are $8,514.

NOTE 11 - FUND BALANCE RESERVATIONS AND DESIGNATIONS

Fund balance categories of the various funds on June 30, 2025, are as follows:

Restricted Fund Balance		
Restricted for Road Improvements		
Road Assessments - Blue Horizon	$	52,369
Road Assessments - Hoffman		5,585
General Fund		329,975
		387,929
Restricted for Perpetual Lot Care		
Cemetery		33,689
Restricted for Public Safety (Fire District # 2)		
Fire District #2		234,839
Restricted for Recreation and Culture		
Lighthouse restoration		61,321
Committed for Other Various		
Fireworks		-
Recreation/Long Range		10,144
Bike Path		9,081
Lighthouse Park		73,207
Directional Signs		3,007
Capital Projects		37,626
		133,065
Unassigned Fund Balance		
General Fund		636,444
ARPA		1,942
		638,386
Total Fund Balance	$	1,489,229

NOTE 12 - RETIREMENT PLAN

The Township makes available pension benefits for all of its employees through participation in the *Presque Isle Township Employee Money Purchase Pension Plan*, a defined contribution plan.

The Township's total covered payroll for the fiscal year ended June 30, 2025, was $79,276 and its total payroll for all employees was $282,046.

The Township and the employees can contribute up to a combined amount equal to 25% of the employees' annual compensation. Presque Isle Township contributes 6% of annual wages for eligible employees to this plan, while the employees contribute up to 19% of annual wages. Employees are eligible to participate as of the first day of the plan

NOTE 12 - RETIREMENT PLAN (continued)

year following the start of employment and must have reached the age of eighteen. The participants' interest is 100% vested upon entering the plan.

For the year ended June 30, 2025, the Township's pension contribution amounted to $4,875.

NOTE 13 - POSTRETIREMENT BENEFITS

Presque Isle Township offers no postretirement benefits in addition to the pension plan to its retirees.

NOTE 14 - BUILDING CODE ACTIVITY

State of Michigan Contraction Code Act (Public Act 245 of 1999) requires building code activity to be separated from other general fund activity, effective January 1, 2000. Presque Isle County administers all building activity; therefore, the Township does not have any building code activity.

NOTE 15 - SUBSEQUENT EVENTS

The Township has evaluated events and transactions to June 30, 2025, for potential recognition and disclosure through August 7, 2025, the date the financial statements were available to be issued. Management has not identified any subsequent events through August 7, 2025.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

	BUDGETED AMOUNTS			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	FINAL TO ACTUAL
Revenues				
Property Taxes	$ 287,398	$ 279,404	$ 281,570	$ 2,166
State Revenue Sharing	187,410	182,774	184,077	1,303
Interest & Dividends	7,875	4,549	8,652	4,103
Rents & Royalties	1,325	782	782	-
Swamp Tax	1,530	1,821	1,821	-
Charges for Services	(13,550)	(13,550)	27,155	40,705
Other Revenue	85,883	107,967	36,442	(71,525)
Public/Private Donations	(10,000)	(10,000)	6,895	16,895
Nonoperating Revenues	-	-	2,827	2,827
Total Revenues	550,311	558,244	555,516	(2,728)
Other Financing Sources				
Transfers from Other Funds	41,100	41,100	-	(41,100)
Total Revenues and Other Financing Sources	591,411	599,344	555,516	(43,828)
Expenditures				
Legislative	104,375	124,390	124,259	131
Supervisor	16,400	16,404	15,824	580
Elections	10,770	18,665	17,814	851
Assessor	69,642	70,143	63,942	6,201
Payroll Administration & Office Personnel	23,614	25,292	25,203	89
Clerk	29,693	34,918	30,902	4,016
Board of Review	2,627	2,961	2,614	347
Treasurer	41,636	42,061	34,039	8,022
Cemetery	7,800	7,808	6,700	1,108
Town Hall	41,000	58,005	51,432	6,573
Public Safety	660	720	711	9
Public Works	189,799	157,630	116,759	40,871
Community/Economic Development	29,500	39,044	28,994	10,050
Recreation & Culture	18,615	18,615	9,326	9,289
Other	17,500	17,500	17,053	447
Capital Outlay	-	13,424	13,424	-
Total Expenditures	603,631	647,580	558,996	88,584
Other Financing Uses				
Total Expenditures and Other Financing Uses	603,631	647,580	558,996	88,584
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(12,220)	(48,236)	(3,480)	44,756
Net Change in Fund Balance	**(12,220)**	**(48,236)**	**(3,480)**	**44,756**
Fund Balance at Beginning of Period	1,197,974	1,197,974	1,197,974	-
Fund Balance at End of Period	**$ 1,185,754**	**$ 1,149,738**	**$ 1,194,494**	**$ 44,756**

SEE NOTES TO FINANCIAL STATEMENTS.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
PRESQUE ISLE TOWNSHIP #2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

	BUDGETED AMOUNTS			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	FINAL TO ACTUAL
Revenues				
Property Taxes	$ 205,885	$ 205,885	$ 203,829	$ (2,056)
Interest & Dividends	1,800	1,800	2,529	729
Charges for Services	20,000	20,000	48,090	28,090
Other State Grants	-	(3,123)	3,123	6,246
Other Revenue	-	-	5,977	5,977
Public/Private Donations	500	500	835	335
Total Revenues	228,185	225,062	264,383	39,321
Other Financing Sources				
Transfers from Other Funds	-	-	-	-
Total Revenues and Other Financing Sources	228,185	225,062	264,383	39,321
Expenditures				
Public Safety	135,142	180,646	133,096	47,550
Health & Welfare	20,500	22,700	22,284	416
Capital Outlay	20,000	20,000	7,428	12,572
Total Expenditures	175,642	223,346	162,808	60,538
Other Financing Uses	-	-	-	-
Total Expenditures and Other Financing Uses	175,642	223,346	162,808	60,538
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	52,543	1,716	101,575	99,859
Net Change in Fund Balance	**52,543**	**1,716**	**101,575**	**99,859**
Fund Balance at Beginning of Period	133,264	133,264	133,264	-
Fund Balance at End of Period	**$ 185,807**	**$ 134,980**	**$ 234,839**	**$ 99,859**

SEE NOTES TO FINANCIAL STATEMENTS.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
ARPA FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

	BUDGETED AMOUNTS			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	FINAL TO ACTUAL
Revenues				
Federal Grants	$ -	$ -	$ -	$ -
Interest & Dividends	300	300	808	508
Total Revenues	300	300	808	508
Other Financing Sources				
Transfers from Other Funds	-	-	-	-
Total Revenues and Other Financing Sources	300	300	808	508
Expenditures				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Other Financing Uses				
Total Expenditures and Other Financing Uses	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	300	300	808	508
Net Change in Fund Balance	**300**	**300**	**808**	**508**
Fund Balance at Beginning of Period	1,134	1,134	1,134	-
Fund Balance at End of Period	**$ 1,434**	**$ 1,434**	**$ 1,942**	**$ 508**

SEE NOTES TO FINANCIAL STATEMENTS.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
EAST GRAND LAKE FIRE DEPARTMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

	BUDGETED AMOUNTS			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	FINAL TO ACTUAL
Revenues				
Property Taxes	$ 215,000	$ 215,000	$ 214,108	$ (892)
Total Revenues	215,000	215,000	214,108	(892)
Other Financing Sources				
Transfers from Other Funds	-	-	-	-
Total Revenues and Other Financing Sources	215,000	215,000	214,108	(892)
Expenditures				
Public Safety	215,000	215,000	214,108	892
Total Expenditures	215,000	215,000	214,108	892
Other Financing Uses				
Total Expenditures and Other Financing Uses	215,000	215,000	214,108	892
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of Period	-	-	-	-
Fund Balance at End of Period	$ -	$ -	$ -	$ -

SEE NOTES TO FINANCIAL STATEMENTS.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
OTHER SUPPLEMENTARY INFORMATION
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	SPECIAL REVENUE		
	ROAD ASSESSMENTS BLUE HORIZON	ROAD ASSESSMENTS HOFFMAN	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Restricted Cash & Cash Equivalents	$ 52,369	$ 5,585	$ 57,954
TOTAL ASSETS	**$ 52,369**	**$ 5,585**	**$ 57,954**
LIABILITIES	-	-	-
TOTAL LIABILITIES	-	-	-
FUND BALANCE			
Restricted	52,369	5,585	57,954
Unassigned	-	-	-
TOTAL FUND BALANCE	52,369	5,585	57,954
TOTAL LIABILITIES AND FUND BALANCE	**$ 52,369**	**$ 5,585**	**$ 57,954**

SEE NOTES TO FINANCIAL STATEMENTS.

PRESQUE ISLE TOWNSHIP
PRESQUE ISLE COUNTY, MICHIGAN
OTHER SUPPLEMENTARY INFORMATION
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2025

	SPECIAL REVENUE		
	ROAD ASSESSMENTS BLUE HORIZON	ROAD ASSESSMENTS HOFFMAN	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues			
Property Taxes	$ 13,683	$ 2,100	$ 15,783
Interest & Dividends	380	41	421
Total Revenues	14,063	2,141	16,204
Expenditures			
Public Works	2,880	960	3,840
Total Expenditures	2,880	960	3,840
Excess of Revenues Over (Under) Expenditures	11,183	1,181	12,364
Other Financing Sources (Uses)			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Net Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	**11,183**	**1,181**	**12,364**
Fund Balance at Beginning of Period	41,186	4,404	45,590
Fund Balance at End of Period	**$ 52,369**	**$ 5,585**	**$ 57,954**

SEE NOTES TO FINANCIAL STATEMENTS.

Schulze Oswald Miller & Edwards PC

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE
AT THE CONCLUSION OF THE AUDIT

August 7, 2025

Township Board
Presque Isle Township
Presque Isle County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Presque Isle Township, Presque Isle County, Michigan (the Township) for the year ended June 30, 2025. 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 July 25, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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 of the financial statements. During the fiscal year the Township adopted GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*. We noted no transactions entered into 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 estimate affecting the Township's financial statements was:

> Management's estimate of the net book value of fixed assets is based on estimated depreciation lives. We evaluated the key factors and assumptions used to develop the depreciation lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statements users. The most sensitive disclosure affecting the financial statements was:

> The disclosure of Capital Assets in Note 1 to the financial statements estimate of the useful lives 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.

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 the 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 August 7, 2025.

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 the 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 auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

We have applied certain limited procedures to the Budgetary Comparison Schedules, which requires supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires 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.

Upcoming Accounting Pronouncements

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This statement establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. This new accounting pronouncement will be effective for the Township's 2026 fiscal year.

In April 2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets. This statement requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. It also requires additional disclosures for capital assets held for sale. This new accounting pronouncement will be effective for the Township's 2026 fiscal year.

Restriction on Use

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

Very truly yours,

Schulze, Oswald, Miller & Edwards PC

Schulze, Oswald, Miller & Edwards PC
Alpena, Michigan

Schulze Oswald Miller & Edwards PC

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT FOR FINANCIAL STATEMENTS

August 7, 2025

Township Board
Presque Isle Township
Presque Isle County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Presque Isle Township, Presque Isle County, Michigan, as of and for the year ended June 30, 2025, in accordance with the auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in the Township's internal control to be a material weakness:

Segregation of Duties

Criteria: All governments are required to have a strong system of internal controls to safeguard assets.

Condition: The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions, and subsequent control of assets.

Cause: The Township cannot enact a complete separation of all aspects of each transaction due to the nature of local unit government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

Effect: As a result, the Township must understand the limits of their internal control system.

Recommendation: We recommend that the Township Board members understand these circumstances when performing their oversight responsibilities.

View of Responsible Officials: Management recognizes that this limitation is a natural outgrowth of the small number of staff and applies its judgment in determining how best to allocate the government's resources to provide an appropriate balance between sound internal controls and fiscal prudence.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency:

Lack of Adequate Controls to Produce Full-Disclosure GAAP Basis Financial Statements

Criteria: All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the Township's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

Condition: As is the case with many smaller and medium-sized entities, the Township has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the Township's *internal* controls.

Cause: This condition was caused by the Township's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Township to perform this task internally.

Effect: As a result of this condition, the Township lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

Recommendation: We recommend that the Township Board members understand these circumstances when performing their oversight responsibilities.

View of Responsible Officials: The Township has evaluated the cost versus benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that it is in the best interest of the Township to outsource this task to its external auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that is required to be reported under generally accepted auditing standards.

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

Schulze, Oswald, Miller & Edwards PC

Schulze, Oswald, Miller & Edwards PC
Alpena, Michigan