

Peninsula Township  
Grand Traverse County, Michigan  
Annual Financial Statements  
For the Year Ended March 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

To the Township Board  
Peninsula Township  
Grand Traverse County  
Traverse City, Michigan 49684

### **Opinion**

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 Peninsula Township, Michigan, as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Peninsula Township, Michigan'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 Peninsula Township, Michigan, as of March 31, 2024, 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 Opinion**

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 Peninsula Township, Michigan 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 opinion.

### **Responsibility 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 Peninsula Township, Michigan'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 opinion. 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 Peninsula Township, Michigan'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 Peninsula Township, Michigan’s ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information**

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Peninsula Township, Michigan’s basic financial statements. The combining and individual nonmajor fund financial statements are presented for 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*TOBIN & CO., P.C.*  
Certified Public Accountants  
Traverse City, Michigan  
August 14, 2024

## Peninsula Township Management Discussion and Analysis Letter

As the Township Board of Peninsula Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Peninsula Township for the fiscal year ended March 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the Financial Statements and Notes to the Financial Statements.

### Financial Highlights

The assets of Peninsula Township exceeded its liabilities at the close of the most recent fiscal year by \$38,783,212. Of this amount, \$13,414,170 may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$11,676,659 an increase of \$2,862,424 in comparison with the prior year. Approximately 8% of the total amount, \$926,655 is available for spending at the Township's discretion.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$942,113 or 62% of the total general fund expenditures.

The Township's total long-term debt decreased by \$499,194 during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Peninsula Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the Township's assets 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., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Township include: general government, public safety, road projects, sanitation, and recreation. The business-type activities of the Township include building inspections and sewer and water system.

The government-wide financial statements can be found on pages 11 and 12 of this report.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Peninsula 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 can be divided into three categories: governmental funds, proprietary funds, 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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Peninsula Township maintains twenty-four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund and Purchase of Development Rights Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund, special revenue funds, and debt service funds. Budgetary comparison statements have been provided for the general fund and other governmental funds to demonstrate compliance with this budget.

**Proprietary funds:** Peninsula Township maintains six proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its tower rental, lighthouse, lighthouse gift shop, water and sewer, and compactor station activities.

**Fiduciary funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 18 and 19 of this report.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 32 of this report.

**Government-wide Financial Analysis and Highlights**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of Peninsula Township, assets exceeded liabilities by \$38,783,212 at the close of the most recent fiscal year.

**Condensed Financial Information and Analysis of Balances and Transactions of the Other Township’s Funds.**

**Net Position**

Total net position at the end of the year was \$38,783,212. Of this total, \$25,369,042, represents a net investment in capital assets and \$3,607,573 is restricted for public safety, \$5,106,407 is restricted for debt service, \$504,546 is restricted for recreation and culture, and \$3,253,531 is restricted for public works. Consequently, unrestricted net position was \$942,113.

	Township’s Net Position					
	Governmental Activities	2024 Business-Type Activities	Total	Governmental Activities	2023 Business-Type Activities	Total
Current and Other Assets	\$ 12,286,588	\$ 2,309,639	\$ 14,596,227	\$ 9,522,478	\$ 2,060,494	\$ 11,582,972
Capital Assets	<u>22,249,651</u>	<u>6,193,682</u>	<u>28,443,333</u>	<u>22,129,287</u>	<u>6,413,749</u>	<u>28,543,036</u>
Total Assets	<u>34,536,239</u>	<u>8,503,321</u>	<u>43,039,560</u>	<u>31,651,765</u>	<u>8,474,243</u>	<u>40,126,008</u>
Long-term Liabilities	2,296,077	697,474	2,993,551	2,511,253	981,492	3,492,745
Other Liabilities	<u>609,929</u>	<u>313,337</u>	<u>923,266</u>	<u>708,243</u>	<u>277,930</u>	<u>986,173</u>
Total Liabilities	<u>2,906,006</u>	<u>1,010,811</u>	<u>3,916,817</u>	<u>3,219,496</u>	<u>1,259,422</u>	<u>4,478,918</u>
Deferred Inflow of Recourses	-	339,531	339,531	-	437,601	437,601
Net Position:						
Invested in Capital Assets	19,953,574	5,415,468	25,369,042	19,618,034	5,361,489	24,979,523
Restricted	10,734,546	1,737,511	12,472,057	8,035,320	1,415,731	9,451,051
Unrestricted	<u>942,113</u>	-	<u>942,113</u>	<u>778,915</u>	-	<u>778,915</u>
Total Net Position	<u>\$ 31,630,233</u>	<u>\$ 7,152,979</u>	<u>\$ 38,783,212</u>	<u>\$ 28,432,269</u>	<u>\$ 6,777,220</u>	<u>\$ 35,209,489</u>

**Changes in Net Position**

The Township’s total revenues were \$8,654,615 in the current year compared to \$7,822,610 in the prior year, which represents an increase of \$832,005. In the current year, 18% of total revenues comes from charges for services, primarily from sewer and water utility charges. Approximately 63% of the total revenues comes from property taxes, and 8% comes from state shared revenue.

The total cost of Township functions, covering a wide range of services, totaled \$5,080,892 in the current year compared to total costs of \$5,335,774 in the prior year. This represents a decrease of \$254,882, 5%. In the current year, approximately 18% of the Township’s costs relates to the provision of utility services. Public safety and general government costs account for 47% and 27% of the township’s total costs, respectively.

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Program Revenues						
Charges for Services	\$ 349,899	\$ 1,195,841	\$ 1,545,740	\$ 377,052	\$ 1,016,897	\$ 1,393,949
Capital Grants and Contributions	-	-	-	-	329,458	329,458
General Revenues						
Property Taxes	5,494,686	-	5,494,686	5,103,621	-	5,103,621
State Shared Revenues	664,758	-	664,758	725,050	-	725,050
Unrestricted Investments						
Earnings	373,012	101,055	474,067	116,806	25,909	142,715
Miscellaneous	<u>465,364</u>	<u>10,000</u>	<u>475,364</u>	<u>127,817</u>	<u>-</u>	<u>127,817</u>
Total Revenues	<u>7,347,719</u>	<u>1,306,896</u>	<u>8,654,615</u>	<u>6,450,346</u>	<u>1,372,264</u>	<u>7,822,610</u>
Program Expenses						
Legislative	287,408	-	287,408	708,693	-	708,693
General Government	1,083,721	-	1,083,721	964,011	-	964,011
Public Safety	2,381,730	-	2,381,730	2,472,793	-	2,472,793
Public Works	79,508	931,137	1,010,645	126,836	879,586	1,006,422
Recreation and Cultural	229,758	-	229,758	122,753	-	122,753
Interest on Long-term Debt	<u>87,630</u>	<u>-</u>	<u>87,630</u>	<u>61,102</u>	<u>-</u>	<u>61,102</u>
Total Expenses	<u>4,149,755</u>	<u>931,137</u>	<u>5,080,892</u>	<u>4,456,188</u>	<u>879,586</u>	<u>5,335,774</u>
Change in Net Position	3,197,964	375,759	3,573,723	1,994,158	492,678	2,486,836
Net Position – Beginning of Year	<u>28,432,269</u>	<u>6,777,220</u>	<u>35,209,489</u>	<u>26,438,111</u>	<u>6,284,542</u>	<u>32,722,653</u>
Net Position – End of Year	<u>\$ 31,630,233</u>	<u>\$ 7,152,979</u>	<u>\$ 38,783,212</u>	<u>\$ 28,432,269</u>	<u>\$ 6,777,220</u>	<u>\$ 35,209,489</u>

Business-type activities: Business-type activities increased the Township’s net position by \$375,759 in the current year compared to a \$492,678 increase the prior year. The net change was lower in the current year because revenues decreased by \$65,368 while expenses increased by \$51,551. Revenues declined in the current year due to a \$329,458 decrease in capital contributions, as subsequent utility connections occurred in the prior year. The increase in expenses primarily relates to higher operating and maintenance costs of the utility systems.

**Financial Analysis of the Township’s Funds**

As noted earlier, the Township used 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 \$11,676,659, an increase of \$2,862,424 in comparison with the prior year.

Approximately 8% of the total amount, \$942,113, constitutes unassigned fund balance, which is available for spending at the Township's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed for a variety of other restricted purposes.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$942,113 and the total fund balance was \$942,113. The fund balance of the Township's general fund increased by \$163,198 during the current fiscal year.

The Fire and Rescue Fund, a special revenue fund, experienced an increase in fund balance of \$475,004 and had a fund balance of \$3,133,408 at the end of the year. Revenues of \$2,635,395 exceeded expenditures of \$2,160,391 during the current year.

The Purchase of Development Rights Fund, a debt service fund, experienced an increase in fund balance of \$1,942,181 and had a fund balance of \$5,106,407 at the end of the year, which is restricted for the retirement of debt that was issued to finance the purchase of development rights. Revenues of \$2,027,437 exceeded debt service expenditures of \$85,256 during the current year.

Details of the Township's General Fund are contained in the Statement of Revenues, Expenditures and Changes in Fund Balance on page 14.

The Sewer Fund generated operating income of \$9,758 as sewer rates were set to cover all operating costs, including the cost of depreciation of the wastewater treatment infrastructure, which amounted to \$233,415. The fund's net position increased by \$19,886. Total net position was \$2,583,114.

The Water Fund generated operating income of \$234,804 because water rates were set to cover all operating costs, including the cost of depreciation of the Wastewater Treatment infrastructure, which amounted to \$375,551. The fund's net position increased by \$228,287. Total net position was \$3,152,992.

The Tower Fund generated operating income of \$125,969 as per lease contract and exceeded operating costs, including the cost of depreciation and transfers out which amounted to a total of \$107,765. The funds Net Position increased by \$51,606. Total net position was \$1,021,464.

Proprietary funds: The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Enterprise Funds at the end of the year amounted to \$7,152,979. The total increase in net position was \$375,759. Other factors concerning the finances of the fund have already been addressed in the discussion of the Township's business-type activities.

### **General Fund Budgetary Highlights**

The township adopts an annual appropriated budget for its general fund, special revenue funds, debt service funds, and capital projects funds. The Township receives financials at their monthly board meetings. Budget amendments are voted and approved at these monthly meetings, if necessary. General fund revenues exceeded the budget by \$214,790. Expenditures were less than the budget by \$73,175.

### **Capital Asset and Debt Administration**

**Capital assets:** The Township's investment in capital assets for its governmental and business type activities as of March 31, 2024, amounts to \$28,462,593 (net of accumulated depreciation). This investment in capital assets includes: (land, purchase of development rights, building and improvements, sewer and water systems, machinery and equipment, park facilities, etc). The Township's investment in capital assets for the current fiscal year decreased by \$99,704.

**Cash Assets:** At the end of the current fiscal year, the Township had \$14,320,617 in cash and other spendable assets. The Township is limited by State law in how it can invest these funds, and we have made no changes in our investment strategy in several years.

Details of the Township's capital assets are contained in the notes to the financial statements on page 27 and 28.

Long-term debt: At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$2,993,551. This debt is backed by the full faith and credit of the government.

Additional information on the Township's long-term debt can be found in the notes on page 29.

### **Pension Plan**

The Township participates in a defined contribution pension plan through John Hancock Life Insurance. The Township makes contributions on a graduated schedule based on each employee's wage. This is an expensed item in the budget and totaled \$229,344 for the fiscal year.



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

On November 8, 2022, Township residents voted to renew and increase the Police Millage not to exceed 0.500 mills for the years 2022, 2023, and 2024. For the 2024-2025 budget year, the Police Millage is set at .3500 mills.

The Fire Millage is set at 2.600 mills for the 2024-2025 budget year.

We continue to anticipate a decrease in state revenue share due to a reduction in various state-wide revenue generating functions.

The Township was awarded an ARPA Coronavirus Local Fiscal Grant in the amount of \$613,725. There is an ongoing process to evaluate and prioritize the opportunities for the utilization of the funds as directed by the US Department of Treasury and the State of Michigan. All funds must be allocated by December 31, 2024 and expended by December 31, 2026.

The Township is involved in an ongoing lawsuit, filed in October 2020, by the Wineries of Old Mission Peninsula (WOMP) against Peninsula Township alleging that certain sections of the township ordinances are unconstitutional and claiming monetary damages. The Township will incur legal costs in addition to insurance coverage to continue to defend this action.

On August 2, 2023, Township residents overwhelmingly voted to renew the Purchase of Development Rights (PDR) millage for another 20 years. This means that additional development rights of farmland in the Township will now be acquired. To date, 5,181 of the 9,861 acres in the farmland preservation zone are under permanent preservation easements that prevent residential or commercial development.

New Fire Engine (replacing Engine#2) 2025 Spartan Side Mount Pumper costing approximately \$900,000 was contracted to be delivered in 2025.

Pelizzari Natural Area acquired additional property valued at \$900,000 through a bargain sale, combined with a donation from a non-profit organization and \$200,000 paid out of the previously tax levy funds in the fund.

### **Requests for Information**

This financial report is designed to provide a general overview of Peninsula Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor, Treasurer, or Clerk of Peninsula Township, 13235 Center Road, Traverse City, Michigan 49686 or you may phone us at 231-223-7322.

BASIC FINANCIAL STATEMENTS

Peninsula Township  
Statement of Net Position  
March 31, 2024

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 11,880,553	\$ 1,734,853	\$ 13,615,406
Accounts Receivable	138,481	53,994	192,475
Special Assessments Receivable	-	1,503	1,503
Inventories	-	28,332	28,332
Prepaid Items	6,598	173	6,771
Due from Other Units	159,418	-	159,418
Due from Other Funds	<u>101,538</u>	<u>131,993</u>	<u>233,531</u>
<b>Total Current Assets</b>	<u>12,286,588</u>	<u>1,950,848</u>	<u>14,237,436</u>
<b>Noncurrent Assets:</b>			
Special Assessments Receivable (long-term)	-	19,260	19,260
Leases Receivable	-	339,531	339,531
Non Depreciable Capital Assets	19,001,864	-	19,001,864
Depreciable Capital Assets (net)	<u>3,247,787</u>	<u>6,193,682</u>	<u>9,441,469</u>
<b>Total Noncurrent Assets</b>	<u>22,249,651</u>	<u>6,552,473</u>	<u>28,802,124</u>
<b>Total Assets</b>	<u>34,536,239</u>	<u>8,503,321</u>	<u>43,039,560</u>
 <u>Liabilities</u>			
Accounts Payable and Accrued Expenses	79,555	81,344	160,899
Due to Other Funds	5,081	231,993	237,074
Unearned Revenue	525,293	-	525,293
<b>Long-term Liabilities, Net of Discounts:</b>			
Due Within One Year	215,459	212,000	427,459
Due in More Than One Year	<u>2,080,618</u>	<u>485,474</u>	<u>2,566,092</u>
<b>Total Liabilities</b>	<u>2,906,006</u>	<u>1,010,811</u>	<u>3,916,817</u>
 <u>Deferred Inflow of Resources</u>			
Leases	-	339,531	339,531
<b>Total Deferred Inflow of Resources</b>	<u>-</u>	<u>339,531</u>	<u>339,531</u>
 <u>Net Position</u>			
Invested in Capital Assets and Intangible Assets, Net of Related Debt	19,953,574	5,415,468	25,369,042
<b>Restricted For:</b>			
Public Safety	3,607,573	-	3,607,573
Public Works	1,516,020	1,737,511	3,253,531
Debt Service	5,106,407	-	5,106,407
Recreation and Culture	504,546	-	504,546
Unrestricted	<u>942,113</u>	<u>-</u>	<u>942,113</u>
<b>Total Net Position</b>	<u>\$ 31,630,233</u>	<u>\$ 7,152,979</u>	<u>\$ 38,783,212</u>

The Accompanying Notes Are an Integral Part of These Financial Statements.

Peninsula Township

Statement of Activities  
March 31, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total
		Fees and Charges For Services	Operating & Capital Grants & Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:						
Legislative	\$ 287,408	\$ -	\$ -	\$ (287,408)	\$ -	\$ (287,408)
General Government	1,083,721	231,526	-	(852,195)	-	(852,195)
Public Safety	2,381,730	118,373	-	(2,263,357)	-	(2,263,357)
Public Works	79,508	-	-	(79,508)	-	(79,508)
Recreation and Cultural	229,758	-	-	(229,758)	-	(229,758)
Interest on Long-term Debt	87,630	-	-	(87,630)	-	(87,630)
Total Governmental Activities	<u>4,149,755</u>	<u>349,899</u>	<u>-</u>	<u>(3,799,856)</u>	<u>-</u>	<u>(3,799,856)</u>
Business-type Activities:						
Water Fund	395,324	610,355	-	-	215,031	215,031
Sewer Fund	237,761	243,173	-	-	5,412	5,412
Other Enterprise Funds	<u>298,052</u>	<u>372,341</u>	<u>-</u>	<u>-</u>	<u>74,289</u>	<u>74,289</u>
Total Business-type Activities	<u>931,137</u>	<u>1,225,869</u>	<u>-</u>	<u>-</u>	<u>294,732</u>	<u>294,732</u>
Total	<u>\$ 5,080,892</u>	<u>\$ 1,575,768</u>	<u>\$ -</u>	<u>(3,799,856)</u>	<u>294,732</u>	<u>(3,505,124)</u>
General Revenues:						
Taxes				5,494,686	-	5,494,686
State Shared Revenues				664,758	-	664,758
Investment Earnings				373,012	71,027	444,039
Miscellaneous				<u>465,364</u>	<u>10,000</u>	<u>475,364</u>
Total General Revenues				<u>6,997,820</u>	<u>81,027</u>	<u>7,078,847</u>
Change in Net Position				3,197,964	375,759	3,573,723
Net Position – Beginning				<u>28,432,269</u>	<u>6,777,220</u>	<u>35,209,489</u>
Net Position – Ending				<u>\$ 31,630,233</u>	<u>\$ 7,152,979</u>	<u>\$ 38,783,212</u>

The Accompanying Notes Are an Integral Part of These Financial Statements.

Peninsula Township  
Balance Sheet  
Governmental Funds  
March 31, 2024

	<u>General</u>	<u>Fire</u>	<u>Purchase of Development Rights Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 1,335,744	\$ 3,105,230	\$ 5,068,435	\$ 2,371,144	\$ 11,880,553
Taxes Receivable	15,458	49,365	37,972	4,366	107,161
Accounts Receivable	6,436	-	-	24,884	31,320
Prepaid Items	5,170	1,383	-	45	6,598
Due from State	159,418	-	-	-	159,418
Due from Other Units	-	1,538	-	100,000	101,538
Due from Funds	-	-	-	-	-
<b>Total</b>	<b><u>\$ 1,522,226</u></b>	<b><u>\$ 3,157,516</u></b>	<b><u>\$ 5,106,407</u></b>	<b><u>\$ 2,500,439</u></b>	<b><u>12,286,588</u></b>
 <u>Liabilities and Fund Equity</u>					
<u>Liabilities:</u>					
Accounts Payable and Other Accruals	\$ 54,820	\$ 19,027	\$ -	\$ 5,708	79,555
Due to Other Funds	-	5,081	-	-	5,081
Deferred Revenue	525,293	-	-	-	525,293
<b>Total</b>	<b><u>580,113</u></b>	<b><u>24,108</u></b>	<b><u>-</u></b>	<b><u>5,708</u></b>	<b><u>609,929</u></b>
 <u>Fund Equity:</u>					
Fund Balance – Restricted	-	3,133,408	5,106,407	949,769	9,189,584
Fund Balance – Committed	-	-	-	1,544,962	1,544,962
Fund Balance – Unassigned	942,113	-	-	-	942,113
<b>Total</b>	<b><u>942,113</u></b>	<b><u>3,133,408</u></b>	<b><u>5,106,407</u></b>	<b><u>2,494,731</u></b>	<b><u>11,676,659</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$ 1,522,226</u></b>	<b><u>\$ 3,157,516</u></b>	<b><u>\$ 5,106,407</u></b>	<b><u>\$ 2,500,439</u></b>	
 Amounts reported for governmental activities on the statement of net position are different because:					
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.					22,249,651
Long-term liabilities do not use current financial resources and therefore are not reported in the funds.					<u>(2,296,077)</u>
Net position of governmental activities.					<b><u>\$ 31,630,233</u></b>

The Accompanying Notes Are an Integral Part of These Financial Statements.

Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended March 31, 2024

	General	Fire	Purchase of Development Rights Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>					
Taxes	\$ 894,536	\$ 2,403,532	\$ 1,879,482	\$ 317,136	\$ 5,494,686
Licenses and Permits	51,521	-	-	-	51,521
State Grants	756,179	17,745	-	14,999	788,923
Charges for Services	24,071	118,373	-	155,934	298,378
Interest and Rents	50,589	86,569	147,955	88,949	374,062
Other	3,994	9,176	-	443,212	456,382
Total	1,780,890	2,635,395	2,027,437	1,020,230	7,463,952
<u>Expenditures</u>					
Legislative	287,408	-	-	-	287,408
General Government	933,209	-	82,299	-	1,015,508
Public Safety	303,683	1,888,733	-	217,262	2,409,678
Public Works	-	-	-	76,248	76,248
Recreation and Culture	-	-	-	201,483	201,483
Other	-	-	-	-	-
Capital Outlay	1,350	68,395	2,957	330,695	403,397
Debt Service	-	203,263	-	99,543	302,806
Total	1,525,650	2,160,391	85,256	925,231	4,696,528
<u>Excess Revenues (Expenditures)</u>	255,240	475,004	1,942,181	94,999	2,767,424
<u>Other Financing Sources (Uses)</u>					
Operating Transfers In	-	-	-	257,042	257,042
Operating Transfers (Out)	(92,042)	-	-	(70,000)	(162,042)
Total	(92,042)	-	-	187,042	95,000
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	163,198	475,004	1,942,181	282,041	2,862,424
Fund Balance – Beginning of Year	778,915	2,658,404	3,164,226	2,212,690	
Fund Balance – End of Year	\$ 942,113	\$ 3,133,408	\$ 5,106,407	\$ 2,494,731	

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add – assets acquired	407,340
Deduct – provision for depreciation	(286,976)

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayment during the period.	215,176
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Change in net position of governmental activities.	\$ 3,197,964
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The Accompanying Notes Are an Integral Part of These Financial Statements.

Peninsula Township  
Statement of Net Position  
Proprietary Funds  
March 31, 2024

<u>Assets</u>	<u>Business-type Activities – Enterprise Funds</u>				<u>Total Enterprise Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Tower Fund</u>	<u>Other Enterprise Funds</u>	
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 334,111	\$ 320,601	\$ 824,141	\$ 256,000	\$ 1,734,853
Accounts Receivable	35,176	18,818	-	-	53,994
Special Assessments Receivable	-	1,503	-	-	1,503
Inventories	-	-	-	28,332	28,332
Prepaid Items	-	-	58	115	173
Due from Other Funds	-	56,993	75,000	-	131,993
<b>Total Current Assets</b>	<b>369,287</b>	<b>397,915</b>	<b>899,199</b>	<b>284,447</b>	<b>1,950,848</b>
<b>Non-Current Assets:</b>					
Special Assessments Receivable (long-term)	13,171	6,089	-	-	19,260
Leases Receivable	-	-	339,531	-	339,531
Depreciable Capital Assets (net)	3,599,015	2,260,800	122,265	211,602	6,193,682
<b>Total Noncurrent Liabilities</b>	<b>3,612,186</b>	<b>2,266,889</b>	<b>461,796</b>	<b>211,602</b>	<b>6,552,473</b>
<b>Total Assets</b>	<b>3,981,473</b>	<b>2,664,804</b>	<b>1,360,995</b>	<b>496,049</b>	<b>8,503,321</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Accrued Expenses	56,694	24,010	-	640	81,344
Due to Other Funds	131,993	-	-	100,000	231,993
Long-term Liabilities, Net of Discounts:					
Due Within One Year	157,320	57,680	-	-	215,000
<b>Total Current Liabilities</b>	<b>346,007</b>	<b>81,690</b>		<b>100,640</b>	<b>528,337</b>
<b>Noncurrent Liabilities:</b>					
Due in More Than One Year	482,474	-	-	-	482,474
<b>Total Noncurrent Liabilities</b>	<b>482,474</b>				<b>482,474</b>
<b>Total Liabilities</b>	<b>828,481</b>	<b>81,690</b>		<b>100,640</b>	<b>1,010,811</b>
<b>Deferred Inflow of Resources</b>					
Leases	-	-	339,531	-	339,531
<b>Total Deferred Inflow of Resources</b>			<b>339,531</b>		<b>339,531</b>
<b>Net Position</b>					
Invested in Capital Assets and Intangible Assets,	2,972,392	2,209,209	122,265	111,602	5,415,468
Restricted	180,600	373,905	899,199	283,807	1,737,511
<b>Total Net Position</b>	<b>\$ 3,152,992</b>	<b>\$ 2,583,114</b>	<b>\$ 1,021,464</b>	<b>\$ 395,409</b>	<b>\$ 7,152,979</b>

The Accompanying Notes Are an Integral Part of These Financial Statements.

Peninsula Township  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended March 31, 2024

	<u>Business-type Activities – Enterprise Funds</u>				Total Enterprise Funds
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Tower Funds</u>	<u>Other Enterprise Funds</u>	
<u>Operating Revenues</u>					
Charges for Services	\$ 610,355	\$ 243,060	\$ -	\$ 246,372	\$ 1,099,787
Special Assessments	-	113	-	-	113
Rental Income	-	-	95,941	-	95,941
Total Operating Revenues	<u>610,355</u>	<u>243,173</u>	<u>95,941</u>	<u>246,372</u>	<u>1,195,841</u>
<u>Operating Expenses</u>					
Contracted Services	266,944	133,637	2,225	175,943	578,749
Depreciation and Amortization	<u>108,607</u>	<u>99,778</u>	<u>540</u>	<u>14,344</u>	<u>223,269</u>
Total Operating Expenses	<u>375,551</u>	<u>233,415</u>	<u>2,765</u>	<u>190,287</u>	<u>802,018</u>
Operating Income (Loss)	<u>234,804</u>	<u>9,758</u>	<u>93,176</u>	<u>56,085</u>	<u>339,823</u>
<u>Non Operating Revenue (Expenses)</u>					
Interest Income	13,256	14,474	63,430	9,895	101,055
Interest Expense	<u>(19,773)</u>	<u>(4,346)</u>	<u>-</u>	<u>-</u>	<u>(24,119)</u>
Net Non Operating Revenues (Expenses)	<u>(6,517)</u>	<u>10,128</u>	<u>63,430</u>	<u>9,895</u>	<u>76,936</u>
Income before Contributions and Transfers	228,287	19,886	156,606	65,980	470,759
Transfers In	-	-	-	10,000	10,000
Transfers (Out)	<u>-</u>	<u>-</u>	<u>(105,000)</u>	<u>-</u>	<u>(105,000)</u>
Change in Net Position	228,287	19,886	51,606	75,980	375,759
<u>Net Position at Beginning of Year</u>	2,924,705	2,563,228	969,858	319,429	6,777,220
<u>Prior Period Adjustment</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Position at End of Year</u>	<u>\$ 3,152,992</u>	<u>\$ 2,583,114</u>	<u>\$ 1,021,464</u>	<u>\$ 395,409</u>	<u>\$ 7,152,979</u>

The Accompanying Notes Are an Integral Part of These Financial Statements.



Peninsula Township  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended March 31, 2024

	<u>Business-type Activities – Enterprise Funds</u>				<u>Total Enterprise Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Tower Funds</u>	<u>Other Enterprise Funds</u>	
<u>Operating Activities</u>					
Collections of Charges for Services	\$ 610,355	\$ 243,060	\$ -	\$ 246,372	\$ 1,099,787
Collections of Special Assessments	-	113	-	-	113
Collections of Rental Income	-	-	95,941	-	95,941
Collections of Interest	13,256	14,474	63,430	9,895	101,055
Deduct Expenses Using Cash and Cash Equivalents	<u>(245,968)</u>	<u>(121,549)</u>	<u>(2,236)</u>	<u>(182,229)</u>	<u>(551,982)</u>
Net Cash Flow from Operating Activities	<u>377,643</u>	<u>136,098</u>	<u>157,135</u>	<u>74,038</u>	<u>744,914</u>
<u>Capital Financing Activities</u>					
Acquisition of Capital Assets	-	-	-	(3,200)	(3,200)
Principal Payments	<u>(212,464)</u>	<u>(71,553)</u>	<u>-</u>	<u>-</u>	<u>(284,017)</u>
<u>Non Capital Financing Activities</u>					
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>(105,000)</u>	<u>10,000</u>	<u>(95,000)</u>
Net Cash Flow Provided by (Used) by Financing Activities	<u>(212,464)</u>	<u>(71,553)</u>	<u>(105,000)</u>	<u>6,800</u>	<u>(382,217)</u>
<u>Net Increase (Decrease) in Cash</u>	165,179	64,545	52,135	80,838	362,697
<u>Balance of Cash – Beginning of Year</u>	<u>168,932</u>	<u>256,056</u>	<u>772,006</u>	<u>175,162</u>	<u>1,372,156</u>
<u>Balance of Cash – End of Year</u>	<u>\$ 334,111</u>	<u>\$ 320,601</u>	<u>\$ 824,141</u>	<u>\$ 256,000</u>	<u>\$ 1,734,853</u>
<u>Reconciliation of operating income (loss) to net cash Provided by (used in) operating activities:</u>					
Operating Income (Loss)	\$ 228,287	\$ 19,886	\$ 156,606	\$ 65,980	\$ 470,759
Adjustments to reconcile operating income (loss) To net cash provided by (used in) Operating Activities:					
Depreciation	108,607	99,778	540	14,344	223,269
Decrease (Increase) in Receivables	6,878	9,832	-	(1,193)	15,517
Decrease (Increase) in Prepays	-	-	(11)	(25)	(36)
Increase (Decrease) in Payables	<u>33,871</u>	<u>6,602</u>	<u>-</u>	<u>(5,068)</u>	<u>35,405</u>
Net cash provided by (used in) Operating Activities	<u>\$ 377,643</u>	<u>\$ 136,098</u>	<u>\$ 157,135</u>	<u>\$ 74,038</u>	<u>\$ 744,914</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Peninsula Township  
Statement of Fiduciary Net Position  
March 31, 2024

	Custodial Funds	
Assets	Trust and Agency	Tax Account
Cash and Investments	\$ 569,745	\$ 135,466
Due from Other Funds	5,081	-
Total Assets	574,826	135,466
<u>Liabilities</u>		
Due to Other Governments	573,288	135,466
Due to Other Funds	1,538	-
Total Liabilities	574,826	135,466
Restricted for:		
Individuals and Organizations	-	-
Other Governments	-	-
Total Net Position	\$ -	\$ -

See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

Peninsula Township  
Statement of Changes in Fiduciary Net Position  
Year Ended March 31, 2024

<u>Additions</u>	Custodial Funds	
	Trust and Agency	Tax Account
Deposits Collected	\$ 18,081	\$ -
Property Taxes Collected for Other Governments	-	30,210,264
Total Additions	18,081	30,210,264
<u>Deductions</u>		
Deposits Distributed	18,081	-
Property Taxes Distributed to Other Governments	-	30,210,264
Total Deductions	18,081	30,210,264
Net Increase in Fiduciary Net Position	-	-
Net Position – Beginning	-	-
Net Position – Ending	\$ -	\$ -

The Accompanying Notes Are an Integral Part of These Financial Statements.

Peninsula Township  
Notes to Financial Statements  
March 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Peninsula Township (the "Township"), conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

A. Financial Reporting Entity

Peninsula Township is a general law township located in Grand Traverse County, Michigan. Populations as of the 2020 census was 6,093, and the current state equalized valuation and taxable valuation of the year of audit was \$1,410,835,700 and \$925,703,418, respectively.

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. 61, "*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.

Sewer and Water System Operations

The Township entered into a master sewer agreement effective July 1, 1987 through June 30, 2041 with the City of Traverse City, the Townships of Acme and Garfield in Grand Traverse County, with the Township of Elmwood in Leelanau County, and Grand Traverse County. This master sewer agreement defines the allocation of costs and establishes certain rights and responsibilities with respect to the wastewater treatment plant and sewer system. Grand Traverse County is the owner of the treatment plant and the City of Traverse City is the owner of all multi-user facilities. The townships have the option to purchase the facility when certain bonds issued by Grand Traverse County are retired.

The City of Traverse City is the exclusive manager of the plant for the benefit to itself and the townships. As the exclusive manager, the City of Traverse City has the obligation to fully inform and advise townships as to the treatment plant's operation and the townships shall have the right to comment on all matters connected with the administration of the plant.

Further information can be found in note 4.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are 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 demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the

Peninsula Township  
Notes to Financial Statements  
March 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for state shared revenue, reimbursement-based grants, and interest which use a one year collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. Operating expenses for the enterprise funds include depreciation or amortization on capital assets, labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following major governmental funds:

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 Fire Fund, a special revenue fund, accounts for all financial resources used by the Township to operate and maintain the fire departments that serve the Township. Revenues are primarily derived from property taxes.

The Purchase of Development Rights Fund, a debt service fund, accounts for all financial resources used for the retirement of debt related to the purchase of development rights in the Township. Revenues are primarily derived from property taxes.

The Township reports the following major proprietary funds:

The Sewer Enterprise Fund is used to account for the operations of the Township's Wastewater Department that provides sewer services on a user charge basis.

The Water Fund is used to account for the operations of the Township's water mains and pumping facilities.

The Tower Fund is used to account for the operations and rent of the Township owned tower.

Additionally, the Township reports the following fund type:

The Trust and Agency Fund is used to account for the collection and disbursement of funds that are collected on behalf of the Township and outside governments or other parties.

The Current Tax Collection Fund is used to account for the collection and disbursement of property taxes and special assessments that are collected on behalf of the Township and outside governments or other parties.

Peninsula Township  
Notes to Financial Statements  
March 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Equity

Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

Investments are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Receivables and Payables

All receivables and payables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

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

Capital Assets

Capital assets, which include property, plant, equipment and water and sewer systems, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$1,000 to \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year. Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

Sewer and Water Systems	50 - years
Land Improvements	20 - years
Buildings	40 - years
Building Improvements	25 - years
Towers	25 - years
Vehicles	10 - years
Office Furniture	10 - years
Equipment	5 - years

Peninsula Township  
Notes to Financial Statements  
March 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflow/Inflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet, when applicable, will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position/fund balance that applies to future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Township does not have any items of this type that qualify as deferred outflows of resources.

In addition to liabilities, the statement of net position and the balance sheet, when applicable, will sometime report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position/fund balance that applies to future period and so will not be recognized as an inflow of resources (revenue) until then.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Prepaid Items

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

Unearned Revenue

Unearned revenue arises when resources are received by the Township before it has legal claim to them. In subsequent periods, when revenue recognition criteria are met or when the government has a legal claim to the resources, revenue is recognized. The Township does not have unearned revenue.

Net Position

Net position represents the difference between assets and liabilities. The Township reports three categories of net position, as follows: 1) Net investment in capital assets consists of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets; 2) restricted net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Township's debt. Restricted net position is reduced by liabilities related to the restricted assets; 3) Unrestricted net position consists of all other net position that does not meet the definition of the above components and is available for general use by the Township.

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.

Peninsula Township  
Notes to Financial Statements  
March 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Flow Assumption

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

Fund Equity

Fund balances of the governmental funds are classified as follows:

*Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – amounts that can be used only for specific purposes determined by a formal action of the Township Board. The Township Board is the highest level of decision-making authority for the Township. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Township Board.

*Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. All such assignments can be made only with unanimous approval of all committed members.

As of March 31, 2024, fund balances are composed of the following:

	General Fund	Fire Fund	Purchase of Development Rights Fund	Other Governmental Funds	Total Governmental Funds
Restricted	\$ -	\$ 3,133,408	\$ 5,106,407	\$ 949,769	\$ 9,189,584
Committed	-	-	-	1,544,962	1,544,962
Unassigned	<u>942,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>942,113</u>
Total Fund Balances	<u>\$ 942,113</u>	<u>\$ 3,133,408</u>	<u>\$ 5,106,407</u>	<u>\$ 2,494,731</u>	<u>\$11,676,659</u>

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

Property Tax Revenue Recognition

Property taxes are levied each December 1 (lien date) on the taxable valuation of property as of the preceding December 31. Property taxes are considered delinquent on March 1 of the following year, at which time interest and penalties are assessed. Although the Township's 2023 ad valorem tax is levied and collectible on December 1, 2023, it is the Township's policy to recognize revenue from that tax levy in the current year, when the proceeds are budgeted and made available for the financing of operations.



Peninsula Township  
Notes to Financial Statements  
March 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Budgets and Budgetary Accounting

Comparisons to budget are presented for the General Fund and Special Revenue Funds. The operating budget is adopted by activity for the General Fund and by activity for the Special Revenue funds. Budgets for the General and Special Revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Any revisions that alter the total expenditures of any fund must be approved by the Township Board. Budgeted amounts are as originally adopted, or as amended by the Township Board.

Deposits and Investments

The Township had \$14,757,303 deposited with local financial institutions at March 31, 2024 with a carrying value of \$14,320,617. The Township has \$9,708,845 invested in the Insured Cash Sweep accounts which are fully insured. Of the remaining balance and interpreting the FDIC insurance coverage of \$250,000 of demand deposits and \$250,000 of time deposits per financial institution, the Township had no uninsured deposits at March 31, 2024.

A reconciliation of cash and investments as shown in the basic financial statements to the Township's deposits and investments is as follows:

	<u>Carrying Amount</u>
Government-wide Financial Statement Captions:	
Cash and cash equivalents	\$ 13,615,406
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	<u>705,211</u>
Total	<u>\$ 14,320,617</u>
Deposits	\$ 14,319,575
Cash on hand	<u>1,042</u>
Total	<u>\$ 14,320,617</u>

NOTE 4 - FAIR MARKET VALUE DISCLOSURE

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

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

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices from similar activities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy. Securities that are categorized as Level 2 in the hierarchy include, but are limited to, repurchase agreements, U.S. government agency securities, corporate securities, and commercial paper.

Peninsula Township  
Notes to Financial Statements  
March 31, 2024

NOTE 4 - FAIR MARKET VALUE DISCLOSURE (Continued)

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There are two types of valuation techniques most commonly used and vary depending on the level of investment. These two techniques are the market approach and income approach. The market approach uses prices and other relevant information generated by the market transactions involving identical or similar assets and liabilities. The income approach discounts future amounts to a single current amount and the discount rate used in the process should reflect current market expectations about risks associated with those future cash flows.

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

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.
- (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.

NOTE 5 - RECEIVABLES

Receivables in the primary government are as follows:

	<u>Government Activities</u>	<u>Business Activities</u>
Accounts Receivable	\$ 31,320	\$ 53,994
Taxes Receivable	107,161	-
Special Assessments:		
Due within one year	-	1,503
	\$ 138,481	\$ 55,497

Peninsula Township  
Notes to Financial Statements  
March 31, 2024

NOTE 6 - CAPITAL ASSETS

<u>Capital Assets</u>	<u>3/31/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>3/31/24</u>
Governmental Activities:				
Capital assets not being depreciated - Land	\$ 19,001,864	\$ -	\$ -	\$19,001,864
Capital assets being depreciated:				
Buildings and Improvements	1,687,206	366,806	-	2,054,012
Vehicles and Equipment	<u>3,348,843</u>	<u>40,534</u>	-	<u>3,389,377</u>
Total capital assets being depreciated	5,036,049	407,340	-	5,443,389
Less Accumulated Depreciation:				
Buildings and improvements	(321,195)	(63,443)	-	(384,638)
Vehicles and Equipment	<u>(2,628,603)</u>	<u>(157,206)</u>	-	<u>(2,785,809)</u>
Total accumulated depreciation	<u>(2,949,798)</u>	<u>(220,649)</u>	-	<u>(3,170,447)</u>
Total capital assets being depreciated, net	<u>2,086,251</u>	<u>(186,691)</u>	-	<u>2,272,942</u>
Intangible Assets	1,455,678	-	-	1,455,678
Less Accumulated Depreciation	<u>(414,506)</u>	<u>(66,327)</u>	-	<u>(480,833)</u>
Total intangible assets	<u>1,041,172</u>	<u>(66,327)</u>	-	<u>974,845</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,129,287</u>	<u>\$ 120,364</u>	<u>\$ -</u>	<u>\$22,249,651</u>
	<u>3/31/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>3/31/24</u>
Business-type Activities:				
Capital assets not being depreciated - Land	\$ 114,590	\$ -	\$ -	\$ 114,590
Capital assets being depreciated:				
Buildings and Improvements	359,045	3,200	-	362,245
Sewer and Water Systems	9,568,736	-	-	9,568,736
Tower	269,250	-	-	269,250
Equipment	<u>130,997</u>	<u>-</u>	<u>-</u>	<u>130,997</u>
Total capital assets being depreciated	<u>10,328,028</u>	<u>3,200</u>	<u>-</u>	<u>10,331,228</u>
Less Accumulated Depreciation				
Buildings and Improvements	(73,785)	(14,237)	-	(88,022)
Sewer and Water Systems	(3,655,687)	(208,384)	-	(3,864,071)
Tower	(255,347)	(540)	-	(255,887)
Equipment	<u>(44,050)</u>	<u>(107)</u>	<u>-</u>	<u>(44,157)</u>
Total accumulated depreciation	<u>(4,028,869)</u>	<u>(223,268)</u>	<u>-</u>	<u>(4,252,137)</u>
Total business-type assets being depreciated, net	<u>6,299,159</u>	<u>(220,068)</u>	<u>-</u>	<u>6,079,091</u>
Business-type Activities Capital Assets, Net	<u>\$ 6,413,749</u>	<u>\$ (220,068)</u>	<u>\$ -</u>	<u>\$ 6,193,681</u>

Depreciation expense was charged to functions/programs of the government and business-type activities as follows:

<u>Governmental Activities:</u>		<u>Business-type Activities:</u>	
General Government	\$ 68,213	Computer	\$ 107
Public Safety	122,228	Tower	540
Recreation & Culture	28,275	Lighthouse	14,237
Public Works	<u>68,260</u>	Sewer	99,778
		Water	<u>108,606</u>
Total depreciation expense – governmental activities	<u>\$ 286,976</u>	Total depreciation expense - business-type activities	<u>\$ 223,268</u>

Peninsula Township  
Notes to Financial Statements  
March 31, 2024

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund receivables and payables as of March 31, 2024 is as follows:

Due From		Due To	
Fire	\$ 1,538	Fire	\$ 5,081
Cable Council	100,000	Cable Council	-
Tower	75,000	Tower	-
Lighthouse	-	Lighthouse	100,000
Sewer Fund	56,993	Sewer Fund	-
Water Fund	-	Water Fund	131,993
Imprest Payroll	5,081	Imprest Payroll	1,538
	<u>\$ 238,612</u>		<u>\$ 238,612</u>

Transfers In/Out consisted of:

Transfers Out		Transfers In	
General Fund	\$ 92,042	Recreation	\$ 232,042
Cable Council	70,000	Compactor Station	10,000
Tower Fund	105,000	Road Fund	15,000
		Dougherty House	10,000
	<u>\$ 267,042</u>		<u>\$ 267,042</u>

NOTE 8 - LESSOR TOWER TENANT AGREEMENTS

The Township has entered into three agreements with corporations to lease space on the Township's towers for communications equipment. The terms of these agreements vary as they range from monthly payments of \$1,164 to \$4,272, include no annual increases to 3 percent annual increases, and have varying lengths. The lessees are five year terms and are renewable for additional five-year terms. For the year ended March 31, 2024, the Township recognized \$71,132 in lease revenue and \$30,028 in lease interest revenues and additional lease revenues of \$24,809 for monthly payments that exceeded the minimum annual guaranteed payment. Future minimum annual guaranteed payments due to the Township under the lease agreements are as follows for the years ending March 31:

Year Ended March	Principal	Interest
2025	100,301	27,713
2026	98,271	25,345
2027	89,322	18,603
2028	46,763	8,363
2029	4,874	947
Total	<u>339,531</u>	<u>80,971</u>

Peninsula Township  
Notes to Financial Statements  
March 31, 2024

NOTE 9 - LONG-TERM DEBT

A summary of bond and contract transactions for the year ended March 31, 2024, as follows:

Governmental Activities

	Balance <u>3/31/23</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>3/31/24</u>	Due Within <u>One Year</u>
2021 Ambulance	\$ 223,859	\$ -	\$ 35,142	\$ 188,717	\$ 35,982
Fire Station #3	830,787	-	35,999	794,788	37,140
2019 Fire Truck	308,958	-	45,958	263,000	48,042
2019 Tanker Truck	217,649	-	33,077	184,572	34,295
Special Assessment Bonds Series 2017A	655,000	-	45,000	610,000	45,000
Special Assessment Bonds Series 2017B	<u>275,000</u>	<u>-</u>	<u>20,000</u>	<u>255,000</u>	<u>15,000</u>
Total Governmental Activities	<u>\$ 2,511,253</u>	<u>\$ -</u>	<u>\$ 215,176</u>	<u>\$ 2,296,077</u>	<u>\$ 215,459</u>

Business Type Activities

Sewer and Water 2004 Bond	\$ 150,000	\$ -	\$ 75,000	\$ 75,000	\$ 75,000
Drinking Water 2008 Bond	762,474	-	140,000	622,474	140,000
Sewer and Water 2012 Bond	<u>69,018</u>	<u>-</u>	<u>69,018</u>	<u>-</u>	<u>-</u>
	<u>\$ 981,492</u>	<u>\$ -</u>	<u>\$ 284,018</u>	<u>\$ 697,474</u>	<u>\$ 215,000</u>

Future debt service maturity payments at March 31, 2024 were as follows:

<u>March 31,</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 215,459	\$ 60,200	\$ 275,659	\$ 215,000	\$ 17,225	\$ 232,225
2026	220,936	57,320	278,256	145,000	12,100	157,100
2027	221,617	52,606	274,223	150,000	8,475	158,475
2028	237,508	54,642	292,150	150,000	4,725	154,725
2029	243,621	51,458	295,079	2,029	975	38,449
2030 – 2037	<u>1,156,936</u>	<u>370,762</u>	<u>1,527,698</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,296,077</u>	<u>\$ 646,988</u>	<u>\$ 2,943,065</u>	<u>\$ 697,474</u>	<u>\$ 43,502</u>	<u>\$ 740,976</u>

NOTE 10 - OTHER INFORMATION

Property Taxes

Township property taxes are attached as an enforceable lien on property as of December 1. Taxes are levied December 1 and are due without penalty on or before February 14. These tax bills include the Township's own property taxes and taxes billed on behalf of Grand Traverse County and the school districts within the Township boundaries.

Real property taxes not collected as of March 1 are turned over to Grand Traverse County for collection, which advances the Township 100% for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

Inventories

Other than the Lighthouse Gift Shop, Peninsula Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items recorded as expenses when purchased. The Lighthouse Gift Shop's inventories consist of primarily promotional merchandise, and are valued at cost. Cost is determined on a first-in, first-out method.

Peninsula Township  
Notes to Financial Statements  
March 31, 2024

NOTE 11 - PENSION PLANS

Defined Contribution Pension

The Township participates in a defined contribution pension plan for Michigan Township employees under contract with the John Hancock Life Insurance Company. Listed below is a summary of the significant plan provisions adopted by Board resolutions.

A. Eligibility Requirements

1. Attained age of 18.
2. All elected officials and full-time non-seasonal employees.

B. Contributions

1. 13% of annual compensation funded entirely by the Township on an annual basis.
2. Contributions are paid on the compensation paid to each eligible employee for the plan year.
3. Township pays 100% of required annual contribution.
4. Eligible employees may make voluntary contributions through payroll withholdings in amounts ranging from one to ten percent of compensation.

C. Vesting

1. Contributions are vested to the employee after 20 months of service at 100%

D. Plan Administration

1. The plan is administered by the Township Clerk.

During the audit year, the total contribution for the plan year was \$229,344. Covered payroll for the year was \$1,554,338 with total payroll for all employees of \$1,857,456. The plan was funded at the required contribution amount.

NOTE 12 - JOINT VENTURE

The Township entered into a master sewer agreement effective July 1, 1987 through June 30, 2014 and supplemented July 1, 1993, August 13, 1998, and March 31, 2003 with the additions of the City of Traverse City, the Townships of Peninsula, East Bay, and Acme in Grand Traverse County, the Township of Elmwood in Leelanau County and with Grand Traverse County. This master sewer agreement defines the allocation of costs and establishes certain rights and responsibilities with respect to the Wastewater Treatment Plant. Grand Traverse County is the owner of the Treatment Plant and the City of Traverse City is the owner of all the multi-user facilities. Ownership of the Treatment Plant will revert to the City of Traverse City when certain bonds issued by Grand Traverse County are retired.

The City of Traverse City is the exclusive manager of the plant for the benefit of itself and the Townships. As the exclusive manager, the City of Traverse City has the obligation to fully inform and advise the Townships as to the Treatment Plant's operations and the Townships shall have the right to comment on all matters connected with the administration of the plant. Prior to June 30, the City of Traverse City shall submit a proposed budget for the operations of the Treatment Plant for the year commencing July 1. The Townships have thirty days in which to comment on the proposed budget.

Each of the parties of the agreement is entitled to make use of a portion of the Treatment Plant's capacity as follows:

<u>Party</u>	<u>Capacity Right</u>
City of Traverse City	60.00%
Garfield Township	25.46
East Bay Township	2.78
Elmwood Township	2.73
Acme Township	8.17
Peninsula Township	.86
	<u>100%</u>

Each participant in the joint venture pays an amount sufficient to cover their pro rata share of the treatment plant costs. Each participant's pro rata share is determined by their volume of sewage treated in relation to total sewage treated at the plant.

Peninsula Township  
Notes to Financial Statements  
March 31, 2024

NOTE 13 - SEGMENT INFORMATION – ENTERPRISE FUND

The Township maintains two enterprise funds, one of which provides sewer services and the other water services. Segment information for the year ended March 31, 2024 was as follows:

	<u>Sewer Fund</u>	<u>Water Fund</u>
Operating Revenues	\$ 243,173	\$ 610,355
Depreciation, Depletion and Amortization Expense	99,778	108,607
Operating Income	9,758	234,804
Net Income	19,886	228,287
Net Working Capital	316,225	26,280
Total Assets	2,664,804	3,981,473
Total Equity	2,583,114	3,152,992

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The Township is contingently liable in connection with bonds issued to construct and operate a waste water treatment septage plant in Grand Traverse County. It currently appears that the facility may begin to operate at a deficit, in which case the Township and other guarantors would be required to fund the operating deficit. At the present time, it is not known whether such a deficit will occur, but if the Township is ultimately required to provide funding, it will be in the form of a loan with repayment provisions.

In addition, in the normal course of operations, the Township becomes a party to various claims and lawsuits. In the opinion of the legal counsel and Township management, the ultimate resolution of such matters will not have a material effect on the financial position of the Township.

NOTE 15 - 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 16 – CURRENT GOVERNMENTAL ACCOUNTING STANDARDS

As of March 31, 2024 the township adopted GASB Statement Np. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right-to-use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. As a result of implementing this standard the township recognized a lease receivable and deferred inflow of resources in the amount of \$339,531 and \$339,531 as of March 31, 2024 respectively. There was no restatement of net positions.

NOTE 17 - SUBSEQUENT EVENTS

In preparing the accompanying financial statements, the Township officials have evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to March 31, 2024 and prior to August 14, 2024, the date these financial statements were available to be issued. No such significant events or transactions were identified.

REQUIRED SUPPLEMENTAL DATA SECTION



Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
For the Year Ended March 31, 2024

Schedule 1  
Page 1

<u>Revenues</u>	Budgeted Amounts		<u>Actual</u>	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
Property Taxes	\$ 577,000	\$ 577,000	\$ 584,424	\$ 7,424
Penalties and Interest on Taxes	500	500	6,793	6,293
Property Tax Administration Fees	270,000	270,000	303,319	33,319
Licenses and Permits:				
Permits and Fees	80,000	80,000	51,521	(28,479)
Franchise Fees	-	-	-	-
State Grants:				
State Shared Revenues	600,000	600,000	664,758	64,758
ARPA Grants	-	-	88,425	88,425
Other Grants	1,000	1,000	2,996	1,996
Charges for Services:				
Summer Tax Collection	10,500	10,500	11,060	560
Fees	9,600	9,600	13,011	3,411
Interest and Rents:				
Interest	17,000	17,000	50,589	33,589
Other:				
Private Donations	-	-	1,000	1,000
Miscellaneous	500	500	2,994	2,494
<b>Total Revenues</b>	<b>1,566,100</b>	<b>1,566,100</b>	<b>1,780,890</b>	<b>214,790</b>
 <u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	30,636	-
Pension	-	-	117	-
Insurance	-	-	1,842	-
Social Security/Medicare	-	-	2,707	-
Office Supplies	-	-	21	-
Audit and Accounting	-	-	3,318	-
Legal Fees	-	-	222,030	-
Contract Services	-	-	9,082	-
Dues and Memberships	-	-	851	-
Publishing	-	-	15,034	-
Other	-	-	1,770	-
<b>Total</b>	<b>321,450</b>	<b>321,450</b>	<b>287,408</b>	<b>34,042</b>
<b>Total Legislative</b>	<b>321,450</b>	<b>321,450</b>	<b>287,408</b>	<b>34,042</b>
 General Government:				
Township Supervisor:				
Salaries and Wages	-	-	62,907	-
Pension	-	-	8,178	-
Social Security/Medicare	-	-	4,851	-
Insurance	-	-	2,619	-
Office Supplies	-	-	-	-
Contract Services	-	-	278	-
Dues and Memberships	-	-	324	-
Other	-	-	19	-
Telephone	-	-	394	-
<b>Total</b>	<b>81,500</b>	<b>81,500</b>	<b>79,570</b>	<b>1,930</b>

The Notes to the Basic Financial Statements are an integral part of this statement.

Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
For the Year Ended March 31, 2024

Schedule 1  
Page 2

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Expenditures (Continued)</u>				
General Government:				
Executive Activities:				
Salaries and Wages	-	-	56,749	-
Pension	-	-	6,821	-
Social Security/Medicare	-	-	4,232	-
Insurance	-	-	2,130	-
Employee Health Insurance	-	-	8,273	-
Employee Benefits	-	-	1,600	-
Office Supplies	-	-	3,091	-
Contract Services	-	-	9,080	-
Telephone	-	-	5,235	-
Dues and Memberships	-	-	684	-
Repairs & Maintenance	-	-	5,153	-
Other	-	-	1,260	-
	96,020	96,020	104,308	(8,288)
Total				
Elections:				
Salaries and Wages	-	-	26,379	-
Pension	-	-	31	-
Social Security/Medicare	-	-	1,104	-
Insurance	-	-	1,599	-
Office Supplies	-	-	11,686	-
Contract Services	-	-	5,957	-
Mileage Reimbursement	-	-	798	-
Publishing	-	-	870	-
Postage	-	-	6,255	-
Repairs & Maintenance	-	-	8,903	-
	39,675	39,675	63,582	(23,907)
Total				
Assessor:				
Salaries and Wages	-	-	92,096	-
Pension	-	-	11,158	-
Social Security/Medicare	-	-	6,658	-
Employee Health Insurance	-	-	14,229	-
Employee Benefits	-	-	1,600	-
Insurance	-	-	2,822	-
Office Supplies	-	-	469	-
Legal Fees	-	-	54,340	-
Computer Services	-	-	4,580	-
Telephone	-	-	788	-
Mileage Reimbursement	-	-	681	-
Printing and Publishing	-	-	-	-
Dues and Memberships	-	-	421	-
Education and Training	-	-	285	-
Office Equipment	-	-	-	-
Other	-	-	6,174	-
	151,000	151,000	196,301	(45,301)
Total				

The Notes to the Basic Financial Statements are an integral part of this statement.

Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
For the Year Ended March 31, 2024

Schedule 1  
Page 3

<u>Expenditures (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government (Continued):	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Clerk:				
Salaries and Wages	-	-	135,734	-
Pension	-	-	17,789	-
Insurance	-	-	4,065	-
Social Security/Medicare	-	-	11,018	-
Employee Health Insurance	-	-	12,744	-
Employee Benefits	-	-	1,600	-
Office Supplies	-	-	2,706	-
Legal Fees	-	-	229	-
Software Support	-	-	2,924	-
Contract Services	-	-	17,169	-
Telephone	-	-	1,182	-
Dues and Subscriptions	-	-	862	-
Mileage	-	-	848	-
Education	-	-	3,670	-
Other	-	-	<u>3,380</u>	<u>-</u>
 Total	 <u>222,380</u>	 <u>222,380</u>	 <u>215,920</u>	 <u>6,460</u>
 Board of Review:				
Salaries and Wages	-	-	1,650	-
Social Security/Medicare	-	-	124	-
Pension	-	-	68	-
Insurance	-	-	812	-
Dues and Subscriptions	-	-	1,087	-
Education	-	-	160	-
Publishing	-	-	<u>49</u>	<u>-</u>
 Total	 <u>5,830</u>	 <u>5,830</u>	 <u>3,950</u>	 <u>1,880</u>
 Treasurer:				
Salaries and Wages	-	-	133,056	-
Pension	-	-	17,878	-
Social Security/Medicare	-	-	10,994	-
Insurance	-	-	3,639	-
Employee Health Insurance	-	-	24,919	-
Employee Benefits	-	-	1,600	-
Office Supplies	-	-	2,839	-
Contract Services	-	-	4,446	-
Software Support	-	-	3,998	-
Telephone	-	-	1,182	-
Mileage Reimbursement	-	-	1,498	-
Dues and Subscriptions	-	-	938	-
Education and Training	-	-	766	-
Other	-	-	<u>6,386</u>	<u>-</u>
 Total	 <u>213,485</u>	 <u>213,485</u>	 <u>214,139</u>	 <u>(654)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
For the Year Ended March 31, 2024

Schedule 1  
Page 4

<u>Expenditures (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Township Hall and Grounds:				
Operating Supplies	-	-	1,117	-
Insurance	-	-	3,096	-
Contract Services	-	-	33,067	-
Electricity	-	-	7,521	-
Heat	-	-	4,882	-
Maintenance and Repairs	-	-	5,756	-
Total	67,900	67,900	55,439	12,461
Total General Government	877,790	877,790	933,209	(55,419)
Public Safety:				
Planning Administrator				
Salaries and Wages	-	-	137,911	-
Insurance	-	-	5,520	-
Pension	-	-	13,063	-
Social Security/Medicare	-	-	10,425	-
Employee Health Insurance	-	-	6,965	-
Employee Benefits	-	-	1,600	-
Office Supplies	-	-	1,278	-
Legal Services	-	-	43,214	-
Dues and Subscriptions	-	-	2,395	-
Printing and Publishing	-	-	256	-
Mileage	-	-	1,173	-
Contract Services	-	-	51,967	-
Education	-	-	1,120	-
Total	337,290	337,290	276,887	60,403
Planning Commission				
Salaries and Wages	-	-	2,860	-
Insurance	-	-	918	-
Social Security/Medicare	-	-	341	-
Legal Services	-	-	4,224	-
Office Supplies	-	-	21	-
Contract Services	-	-	1,600	-
Dues and Subscriptions	-	-	647	-
Printing and Publishing	-	-	-	-
Education	-	-	-	-
Total	24,870	24,870	10,611	14,259

The Notes to the Basic Financial Statements are an integral part of this statement.

Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
For the Year Ended March 31, 2024

Schedule 1  
Page 5

<u>Expenditures (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Zoning Administrator/Zoning Board of Review				
Salaries and Wages	-	-	2,816	-
Insurance	-	-	899	-
Social Security/Medicare	-	-	314	-
Employee Health Insurance	-	-	-	-
Employee Benefits	-	-	3,000	-
Office Supplies	-	-	27	-
Legal Fees	-	-	5,746	-
Contractual Services	-	-	1,280	-
Telephone	-	-	61	-
Dues and Subscriptions	-	-	647	-
Printing and Publishing	-	-	1,245	-
Mileage	-	-	-	-
Education	-	-	150	-
Total	<u>37,425</u>	<u>37,425</u>	<u>16,185</u>	<u>21,240</u>
Total Public Safety	<u>399,585</u>	<u>399,585</u>	<u>303,683</u>	<u>95,902</u>
Other:				
Insurance	-	-	-	-
Contingency	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>1,350</u>	<u>(1,350)</u>
Total Expenditures	<u>1,598,825</u>	<u>1,598,825</u>	<u>1,525,650</u>	<u>73,175</u>
<u>Excess Revenues (Expenditures)</u>	<u>(32,725)</u>	<u>(32,725)</u>	<u>255,240</u>	<u>287,965</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	85,000	-	-	-
Operating Transfers (Out)	-	(88,425)	(92,042)	(3,617)
Total	<u>85,000</u>	<u>(88,425)</u>	<u>(92,042)</u>	<u>(3,617)</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>\$ 52,275</u>	<u>\$ (121,150)</u>	<u>163,198</u>	<u>\$ 284,348</u>
Fund Balance – Beginning of Year			<u>778,915</u>	
Fund Balance – End of Year			<u>\$ 942,113</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Fire Fund  
For the Year Ended March 31, 2024

Schedule 2

<u>Revenues</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Property Taxes	\$ 2,409,381	\$ 2,409,381	\$ 2,403,532	\$ (5,849)
Charges for Services:				
Ambulance and Fire Service	102,000	102,000	118,373	16,373
Interest and Rents:				
Interest	9,000	9,000	86,569	77,569
Other:				
Contributions	7,000	7,000	8,005	1,005
Grants	-	-	17,745	17,745
Sale of Fixed Assets	-	-	-	-
Refunds and Reimbursements	<u>1,000</u>	<u>1,000</u>	<u>1,171</u>	<u>171</u>
<b>Total</b>	<u>2,528,381</u>	<u>2,528,381</u>	<u>2,635,395</u>	<u>107,014</u>
 <u>Expenditures</u>				
Salaries and Wages	-	-	1,137,268	-
Workers Compensation	-	-	23,489	-
Social Security and Medicare	-	-	83,911	-
Insurance	-	-	33,504	-
Employee Health Insurance	-	-	135,285	-
Employee Benefits	-	-	22,300	-
Pension	-	-	123,597	-
Supplies	-	-	30,520	-
Public Utilities	-	-	22,207	-
Gas and Oil	-	-	26,570	-
Contract Services	-	-	72,468	-
Telephone	-	-	10,782	-
Maintenance and Repairs	-	-	130,027	-
Other	-	-	5,245	-
Uniforms	-	-	8,021	-
Dues and Subscriptions	-	-	2,022	-
Education and Training	-	-	21,517	-
Capital Expenditures	-	-	68,395	-
Debt Service:				
Principal	-	-	150,669	-
Interest	<u>-</u>	<u>-</u>	<u>52,594</u>	<u>-</u>
<b>Total</b>	<u>2,377,157</u>	<u>2,377,157</u>	<u>2,160,391</u>	<u>216,766</u>
 <u>Excess Revenues (Expenditures)</u>	<u>151,224</u>	<u>151,224</u>	<u>475,004</u>	<u>323,780</u>
 <u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>\$ 151,224</u>	<u>\$ 151,224</u>	475,004	<u>\$ 323,780</u>
 Fund Balance – Beginning of Year			<u>2,658,404</u>	
 Fund Balance – End of Year			<u>\$ 3,133,408</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Peninsula Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Purchase of Development Rights Fund  
For the Year Ended March 31, 2024

Schedule 3

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<u>Revenues</u>				
Taxes:				
Property Taxes	\$ 1,770,000	\$ 1,770,000	\$ 1,879,482	\$ 109,482
Interest and Rents:				
Interest	<u>80,000</u>	<u>80,000</u>	<u>147,955</u>	<u>67,955</u>
<u>Total Revenues</u>	<u>1,850,000</u>	<u>1,850,000</u>	<u>2,027,437</u>	<u>177,437</u>
<u>Expenditures</u>				
Operating Expenditures	-	-	82,299	-
Capital Outlay	-	-	2,957	-
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Expenditures</u>	<u>145,000</u>	<u>95,000</u>	<u>85,256</u>	<u>9,744</u>
<u>Excess Revenues (Expenditures)</u>	<u>\$ 1,705,000</u>	<u>\$ 1,755,000</u>	1,942,181	<u>\$ 187,181</u>
Fund Balance – Beginning of Year			<u>3,164,226</u>	
Fund Balance – End of Year			<u>\$ 5,106,407</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

SUPPLEMENTAL DATA SECTION



Peninsula Township  
Combining Balance Sheet  
Non-Major Governmental Funds  
March 31, 2024

Schedule 4  
Page 1

Special Revenue											
<u>Assets</u>	<u>Police Fund</u>	<u>Parks &amp; Recreation Fund</u>	<u>Cemetery Fund</u>	<u>Hessler Log Home Fund</u>	<u>Pelizzari Natural Area Fund</u>	<u>Dougherty House Fund</u>	<u>Road Fund</u>	<u>Building Fund</u>	<u>Cable Council Fund</u>	<u>Landing Account Fund</u>	<u>Braemer Drainage Fund</u>
Cash in Bank	\$ 469,795	\$ 88,637	\$ 76,053	\$ 6,521	\$ 401,951	\$ 7,648	\$ 20,375	\$ 2,886	\$ 821,674	\$ 7,295	\$ 27,848
Taxes Receivable	4,366	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	-	539	-	-	-	-	-	-	24,345	-	-
Prepays	4	-	41	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-	100,000	-	-
<b>Total Assets</b>	<b><u>\$ 474,165</u></b>	<b><u>\$ 89,176</u></b>	<b><u>\$ 76,094</u></b>	<b><u>\$ 6,521</u></b>	<b><u>\$ 401,951</u></b>	<b><u>\$ 7,648</u></b>	<b><u>\$ 20,375</u></b>	<b><u>\$ 2,886</u></b>	<b><u>\$ 946,019</u></b>	<b><u>\$ 7,295</u></b>	<b><u>\$ 27,848</u></b>
 <u>Liabilities and Fund Equity</u>											
Liabilities:											
Accounts Payable	\$ -	\$ 348	\$ -	\$ -	\$ -	\$ 402	\$ 4,958	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b><u>-</u></b>	<b><u>348</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>\$ 402</u></b>	<b><u>\$ 4,958</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Fund Equity:											
Fund Balance – Restricted	474,165	-	-	-	-	-	-	-	-	7,295	27,848
Fund Balance – Committed	-	88,828	76,094	6,521	401,951	7,246	15,417	2,886	946,019	-	-
<b>Total</b>	<b><u>474,165</u></b>	<b><u>88,828</u></b>	<b><u>76,094</u></b>	<b><u>6,521</u></b>	<b><u>401,951</u></b>	<b><u>7,246</u></b>	<b><u>15,417</u></b>	<b><u>2,886</u></b>	<b><u>946,019</u></b>	<b><u>7,295</u></b>	<b><u>27,848</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$ 474,165</u></b>	<b><u>\$ 89,176</u></b>	<b><u>\$ 76,094</u></b>	<b><u>\$ 6,521</u></b>	<b><u>\$ 401,951</u></b>	<b><u>\$ 7,648</u></b>	<b><u>\$ 20,375</u></b>	<b><u>\$ 2,886</u></b>	<b><u>\$ 946,019</u></b>	<b><u>\$ 7,295</u></b>	<b><u>\$ 27,848</u></b>

The Notes to the Basic Financial Statements are an integral part of this statement.

Non-Major Governmental Funds  
March 31, 2024

	Special Revenue								Total Nonmajor Governmental Funds
	Braemer Road Fund	Logan Hills Road Fund	Logan/Maple Drainage Fund	Maple Terrace Road Imp Fund	Maple Terrace Water Fund	Old Mission Road Fund	West Wind Road Imp Fund	Eliminations	
<b>Assets</b>									
Cash in Bank	\$ 29,998	\$ 24,873	\$ 98,672	\$ 56,007	\$ 104,827	\$ 60,656	\$ 65,428	\$ -	\$2,371,144
Taxes Receivable	-	-	-	-	-	-	-	-	4,366
Accounts Receivable	-	-	-	-	-	-	-	-	24,884
Prepays	-	-	-	-	-	-	-	-	45
Due from Other Funds	-	-	-	-	-	-	-	-	100,000
<b>Total Assets</b>	<u>\$ 29,998</u>	<u>\$ 24,873</u>	<u>\$ 98,672</u>	<u>\$ 56,007</u>	<u>\$ 104,827</u>	<u>\$ 60,656</u>	<u>\$ 65,428</u>	<u>\$ -</u>	<u>\$2,500,439</u>
<b>Liabilities and Fund Equity</b>									
<b>Liabilities:</b>									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,708
Due to Other Funds	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 5,708</u>
<b>Fund Equity:</b>									
Fund Balance – Restricted	29,998	24,873	98,672	56,007	104,827	60,656	65,428	-	949,769
Fund Balance – Committed	-	-	-	-	-	-	-	-	1,544,962
<b>Total</b>	<u>29,998</u>	<u>24,873</u>	<u>98,672</u>	<u>56,007</u>	<u>104,827</u>	<u>60,656</u>	<u>65,428</u>	<u>-</u>	<u>2,494,731</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 29,998</u>	<u>\$ 24,873</u>	<u>\$ 98,672</u>	<u>\$ 56,007</u>	<u>\$ 104,827</u>	<u>\$ 60,656</u>	<u>\$ 65,428</u>	<u>\$ -</u>	<u>\$2,500,439</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

March 31, 2024

Special Revenue

	Police Fund	Parks & Recreation Fund	Cemetery Fund	Hessler Log Home Fund	Pelizzari Natural Area Fund	Dougherty House Fund	Road Fund	Building Fund	Cable Council Fund	Landing Account Fund	Braemer Drainage Fund
<b>Revenues</b>											
<b>Taxes:</b>											
Property Taxes	\$ 216,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-	-	-	-	-	6,224
<b>State Grants:</b>											
Metro Act Fees	-	-	-	-	-	-	14,999	-	-	-	-
<b>Charges for Services:</b>											
Fees	-	8,350	1,600	-	-	-	-	-	105,784	-	-
Sales	-	-	40,200	-	-	-	-	-	-	-	-
<b>Interest and Rents:</b>											
Rents	-	1,050	-	-	-	-	-	-	-	-	-
Interest	17,272	1,553	2,911	298	15,300	274	783	144	29,646	17	1,208
<b>Other:</b>											
Contributions	2,500	330,867	2,500	1,327	93,150	3,172	-	-	-	-	-
Miscellaneous	-	6,465	-	-	-	-	-	-	3,231	-	-
<b>Total</b>	<b>235,893</b>	<b>348,285</b>	<b>47,211</b>	<b>1,625</b>	<b>108,450</b>	<b>3,446</b>	<b>15,782</b>	<b>144</b>	<b>138,661</b>	<b>17</b>	<b>7,432</b>
<b>Expenditures</b>											
General Government	-	-	-	-	-	-	-	-	-	-	-
Public Safety	217,262	-	-	-	-	-	-	-	-	-	-
Public Works	-	-	38,151	-	-	-	34,921	-	415	-	300
Recreation and Culture	-	187,450	-	795	270	12,968	-	-	-	-	-
Debt Service – Principal	-	-	-	-	-	-	-	-	-	-	5,000
Debt Service - Interest	-	-	-	-	-	-	-	-	-	-	2,475
Capital Outlay	5,190	320,957	-	-	4,548	-	-	-	-	-	-
<b>Total</b>	<b>222,452</b>	<b>508,407</b>	<b>38,151</b>	<b>795</b>	<b>4,818</b>	<b>12,968</b>	<b>34,921</b>	<b>-</b>	<b>415</b>	<b>-</b>	<b>7,775</b>
<b>Excess Revenues (Expenditures)</b>	<b>13,441</b>	<b>(160,122)</b>	<b>9,060</b>	<b>830</b>	<b>103,632</b>	<b>(9,522)</b>	<b>(19,139)</b>	<b>144</b>	<b>138,246</b>	<b>17</b>	<b>(343)</b>
<b>Other Financing Sources (Uses)</b>											
Operating Transfers In	-	232,042	-	-	-	10,000	15,000	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-	-	-	(70,000)	-	-
<b>Total</b>	<b>-</b>	<b>232,042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>15,000</b>	<b>-</b>	<b>(70,000)</b>	<b>-</b>	<b>-</b>
<b>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</b>	<b>13,441</b>	<b>71,920</b>	<b>9,060</b>	<b>830</b>	<b>103,632</b>	<b>478</b>	<b>(4,139)</b>	<b>144</b>	<b>68,246</b>	<b>17</b>	<b>(343)</b>
Fund Balance – Begin. of Year	460,724	16,908	67,034	5,691	298,319	6,768	19,556	2,742	877,773	7,278	28,191
Fund Balance – End of Year	\$ 474,165	\$ 88,828	\$ 76,094	\$ 6,521	\$ 401,951	\$ 7,246	\$ 15,417	\$ 2,886	\$ 946,019	\$ 7,295	\$ 27,848

The Notes to the Basic Financial Statements are an integral part of this statement.

Peninsula Township  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Non-Major Governmental Funds  
March 31, 2024

Schedule 5  
Page 2

	Special Revenue							
	Braemer Road Fund	Logan Hills Road Fund	Logan/Maple Drainage Fund	Maple Terrace Road Imp Fund	Maple Terrace Water Fund	Old Mission Road Fund	West Wind Road Imp Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>								
<b>Taxes:</b>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,121
Special Assessments	2,554	9,796	25,048	10,004	21,530	17,499	8,360	101,015
<b>State Grants:</b>								
Metro Act Fees	-	-	-	-	-	-	-	14,999
<b>Charges for Services:</b>								
Fees	-	-	-	-	-	-	-	115,734
Sales	-	-	-	-	-	-	-	40,200
<b>Interest and Rents:</b>								
Rents	-	-	-	-	-	-	-	1,050
Interest	1,144	1,342	4,124	2,460	4,163	2,598	2,662	87,899
<b>Other:</b>								
Contributions	-	-	-	-	-	-	-	433,516
Miscellaneous	-	-	-	-	-	-	-	9,696
<b>Total</b>	<b>3,698</b>	<b>11,138</b>	<b>29,172</b>	<b>12,464</b>	<b>25,693</b>	<b>20,097</b>	<b>11,022</b>	<b>1,020,230</b>
<b>Expenditures</b>								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	217,262
Public Works	301	389	305	476	301	301	388	76,248
Recreation and Culture	-	-	-	-	-	-	-	201,483
Debt Service – Principal	-	10,000	15,000	10,000	10,000	10,000	5,000	65,000
Debt Service – Interest	1,700	5,682	7,575	4,014	5,350	4,475	3,272	34,543
Capital Outlay	-	-	-	-	-	-	-	330,695
<b>Total</b>	<b>2,001</b>	<b>16,071</b>	<b>22,880</b>	<b>14,490</b>	<b>15,651</b>	<b>14,776</b>	<b>8,660</b>	<b>925,231</b>
<b>Excess Revenues (Expenditures)</b>	<b>1,697</b>	<b>(4,933)</b>	<b>6,292</b>	<b>(2,026)</b>	<b>10,042</b>	<b>5,321</b>	<b>2,362</b>	<b>94,999</b>
<b>Other Financing Sources (Uses)</b>								
Operating Transfers In	-	-	-	-	-	-	-	257,042
Operating Transfers (Out)	-	-	-	-	-	-	-	(70,000)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>187,042</b>
<b>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</b>	<b>1,697</b>	<b>(4,933)</b>	<b>6,292</b>	<b>(2,026)</b>	<b>10,042</b>	<b>5,321</b>	<b>2,362</b>	<b>282,041</b>
Fund Balance – Begin. of Year	28,301	29,806	92,380	58,033	94,785	55,335	63,066	2,212,690
Fund Balance – End of Year	\$ 29,998	\$ 24,873	\$ 98,672	\$ 56,007	\$ 104,827	\$ 60,656	\$ 65,428	\$ 2,494,731

The Notes to the Basic Financial Statements are an integral part of this statement.

Peninsula Township  
Combining Statement of Net Position  
Non Major Enterprise Funds  
March 31, 2024

Schedule 6

	Special Revenue			
	Lighthouse Fund	Lighthouse Giftshop Fund	Compactor Station Fund	Total Enterprise Funds
<u>Assets</u>				
Current Assets:				
Cash in Bank	\$ 140,233	\$ 106,731	\$ 9,036	\$ 256,000
Accounts Receivable	-	-	-	-
Inventory	-	28,332	-	28,332
Prepays	-	115	-	115
Due from Other Units	-	-	-	-
Total Current Assets	<u>140,233</u>	<u>135,178</u>	<u>9,036</u>	<u>284,447</u>
Non-Current Assets:				
Depreciable Capital Assets (Net)	<u>202,819</u>	-	<u>8,783</u>	<u>211,602</u>
Total Assets	<u>\$ 343,052</u>	<u>\$ 135,178</u>	<u>\$ 17,819</u>	<u>\$ 496,049</u>
 <u>Current Liabilities</u>				
Accounts Payable	\$ 617	\$ -	\$ 23	\$ 640
Due to Other Funds	<u>100,000</u>	-	-	<u>100,000</u>
Total Current Liabilities	<u>100,617</u>	-	<u>23</u>	<u>100,640</u>
 <u>Net Position</u>				
Net Investment in Capital Assets	102,819	-	8,783	111,602
Restricted	<u>139,616</u>	<u>135,178</u>	<u>9,013</u>	<u>283,807</u>
Total Net Position	<u>242,435</u>	<u>135,178</u>	<u>17,796</u>	<u>395,409</u>
Total Liabilities and Net Position	<u>\$ 343,052</u>	<u>\$ 135,178</u>	<u>\$ 17,819</u>	<u>\$ 496,049</u>

The Accompanying Notes Are an Integral Part of These Financial Statements.

Peninsula Township  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non Major Enterprise Funds  
For the Year Ended March 31, 2024

Schedule 7

	Special Revenue			Total Enterprise Funds
	Lighthouse Fund	Lighthouse Giftshop Fund	Compactor Station Fund	
<u>Revenues</u>				
<u>Operating Revenues</u>				
Rental Income	\$ -	\$ -	\$ -	\$ -
Program Revenues	<u>136,315</u>	<u>110,057</u>	<u>-</u>	<u>246,372</u>
Total Operating Revenues	<u>136,315</u>	<u>110,057</u>	<u>-</u>	<u>246,372</u>
<u>Expenditures</u>				
Contract Services	78,920	92,650	4,373	175,943
Depreciation	<u>14,237</u>	<u>-</u>	<u>107</u>	<u>14,344</u>
Total	<u>93,157</u>	<u>92,650</u>	<u>4,480</u>	<u>190,287</u>
<u>Operating Income (Loss)</u>	<u>43,158</u>	<u>17,407</u>	<u>(4,480)</u>	<u>56,085</u>
<u>Non Operating Revenues</u>				
Interest Income	5,398	4,235	262	9,895
Transfers In	-	-	10,000	10,000
Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Non Operating Revenues (Expenses)	<u>5,398</u>	<u>4,235</u>	<u>10,262</u>	<u>19,895</u>
<u>Change in Net Position</u>	48,556	21,642	5,782	75,980
<u>Net Position – Beginning of Period</u>	<u>193,879</u>	<u>113,536</u>	<u>12,014</u>	<u>319,429</u>
<u>Net Position – End of Period</u>	<u>\$ 242,435</u>	<u>\$ 135,178</u>	<u>\$ 17,796</u>	<u>\$ 395,409</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Peninsula Township  
Combining Statement of Cash Flows  
Non Major Enterprise Funds  
For the Year Ended March 31, 2024

Schedule 8

	Special Revenue			Total Enterprise Funds
	Lighthouse Fund	Lighthouse Giftshop Fund	Compactor Station Fund	
<u>Operating Activities</u>				
Collections of Charges for Services	\$ 136,315	\$ 110,057	\$ -	\$ 246,372
Collections of Rental Income	-	-	-	-
Collections of Interest	5,398	4,235	262	9,895
Expenses Using Cash and Cash Equivalents	<u>(79,374)</u>	<u>(98,505)</u>	<u>(7,550)</u>	<u>(185,429)</u>
Net Cash Flow from Operating Activities	<u>62,339</u>	<u>15,787</u>	<u>(7,288)</u>	<u>70,838</u>
<u>Capital Financing Activities</u>				
Acquisition of Capital Asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Non Capital Financing Activities</u>				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Net Cash Flow Provided by (used) by Financing Activities	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
<u>Net Increase (Decrease) in Cash</u>	62,339	15,787	2,712	80,838
<u>Balance of Cash – Beginning of Year</u>	<u>77,894</u>	<u>90,944</u>	<u>6,324</u>	<u>175,162</u>
<u>Balance of Cash – End of Year</u>	<u>\$ 140,233</u>	<u>\$ 106,731</u>	<u>\$ 9,036</u>	<u>\$ 256,000</u>
<u>Net Income (Loss)</u>	\$ 48,556	\$ 21,642	\$ (4,218)	\$ 65,980
Add Depreciation and Amortization	14,237	-	107	14,344
Decrease (Increase) in Receivables	45	(1,212)	-	(1,167)
Decrease (Increase) in Prepays	-	(50)	-	(50)
Increase (Decrease) in Payables	<u>(499)</u>	<u>(4,593)</u>	<u>23</u>	<u>(5,069)</u>
Net Cash Flow from Operating Activities	<u>\$ 62,339</u>	<u>\$ 15,787</u>	<u>\$ (4,088)</u>	<u>\$ 74,038</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Peninsula Township  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
March 31, 2024

Schedule 9

	Agency				
	Trust and Agency Fund	Tax Collection Fund	Library Trust and Agency Fund	Payroll Fund	Total Fiduciary Funds
Cash in Bank	\$ 55,636	\$ 135,466	\$ 458,329	\$ 55,780	\$ 705,211
Due from Other Funds	-	-	-	5,081	5,081
<b>Total Assets</b>	<b><u>\$ 55,636</u></b>	<b><u>\$ 135,466</u></b>	<b><u>\$ 458,329</u></b>	<b><u>\$ 60,861</u></b>	<b><u>\$ 710,292</u></b>
<b><u>Liabilities</u></b>					
Due to Other Governments	\$ 55,636	-	\$ 458,329	\$ 59,323	\$ 573,288
Due to Other Funds	-	-	-	1,538	1,538
Undistributed Taxes and Interest	-	135,466	-	-	135,466
<b>Total Liabilities</b>	<b><u>\$ 55,636</u></b>	<b><u>\$ 135,466</u></b>	<b><u>\$ 458,329</u></b>	<b><u>\$ 60,861</u></b>	<b><u>\$ 710,292</u></b>

The Notes to the Basic Financial Statements are an integral part of this statement.



Peninsula Township  
Statement of Revenues, Expenditures, and Fund Balance  
Property Tax Administration Fees  
For the Year Ended March 31, 2024

Schedule 10

Revenues

Property Tax Administration Fees	\$ 303,319
Total Revenues	<u>303,319</u>

Expenditures

Assessor (100%)	196,301
Board of Review (100%)	3,950
Supervisor – (5% of Salary)	3,145
Treasurer – (85% of Salary)	113,097
Contract Services	4,446
Postage and Supplies	8,995
Software License and Support	3,999
Training, Dues and Mileage	2,911
Telephone	1,182
Insurance, Utilities, and Use of Building (10%)	<u>5,544</u>
Total Expenditures	<u>343,570</u>

Excess Revenues (Expenditures) (40,251)

Excess Revenues (Expenditures) – Prior Years (265,426)

Accumulated Excess Revenues (Expenditures) \$ (305,677)

Michigan Statute 211.44(3) authorizes a property tax administration fee of not more than 1% of the total tax bill per parcel. A property tax administration fee is defined as a fee to offset costs incurred by a collecting unit in assessing property values, in collecting the property tax levies, and in review and appeal process.

Peninsula Township Trustees adopted, per Resolution #2021-11-18 #3, to apply a 1% Property Tax Administration fee to all property tax levies that shall become due in 2021 or any year thereafter and this resolution shall continue in full force and effect unless and until revoked or rescinded by resolution of Peninsula Township Board.

The Notes to the Basic Financial Statements are an integral part of this statement.

August 14, 2024

To the Township Board  
Peninsula Township

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Peninsula Township for the year ended March 31, 2024. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, 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 January 22, 2020. 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 Peninsula Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2024. We noted no transactions entered into by Peninsula 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 financial statements were fair value of investments and capital asset depreciation.

The estimate of capital asset depreciation is based on the estimated useful lives of the Township's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that they are 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, professional standards define a disagreement with management as 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 14, 2024.

### *Other 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 Peninsula Township's auditor. 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 and the 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 response 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.

We were engaged to report on the combining balance sheet and combining statement of revenues, expenditures, and changes in fund balances for the nonmajor governmental funds, which accompany the financial statements but are not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of American, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

## Communication Regarding Internal Control

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 Peninsula Township as of and for the year ended March 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered Peninsula Township's internal control over financial reporting (internal control) to determine the 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. In addition, because of the inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below we have identified a deficiency in internal control that we consider to be a material weakness.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency to be a material weakness;

Material audit adjustments and financial statement preparation:

*Criteria:* We identified and proposed several material audit adjustments that management reviewed and approved. A Schedule of Audit Adjustments is attached. Adjustments were recorded to:

- Convert the fund-based data necessary to prepare the government-wide financial statements.
- Record depreciation expense on business-type activities.

As is the case with many small and medium-sized governmental units, the Township has historically relied on its independent external auditor to assist with the preparation of the financial statements, the related notes, and the management's discussion and analysis 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 auditor, who cannot, by definition, be considered part of the Township's internal controls. Having the auditor draft the annual financial statements is allowable under current auditing standards and ethical guidelines and may be the most efficient and effective method for preparation of the Township's financial statements. However, when an entity (on its own) lacks the ability to produce financial statements that conform to GAAP, or when material audit

adjustments are identified by the auditor, auditing standards require that such conditions be communicated in writing as material weaknesses. This is a repeat finding.

*Cause:* This condition was caused by the Township's decision to outsource the preparation of its annual financial statements to the external auditor rather than incur the costs of obtaining the necessary training and expertise required for the Township to perform this task internally because outsourcing the task is considered more cost effective.

*Effect:* The Township's accounting records were initially misstated by amounts material to the financial statements. In addition, the Township lacks complete internal controls over the preparation of its financial statements in accordance with GAAP, and, instead, relies, at least in part, on assistance from its external auditor for assistance with this task.

*Auditor's Recommendation:* We recommend that management continue to monitor the relative costs and benefits of securing the internal or other external resources necessary to develop material adjustment and prepare a draft of the Township's annual financial statements versus contracting with its auditor for these services.

*Management Response:* Management has made an ongoing evaluation of the respective costs and benefits of obtaining internal or external resources, specifically for the preparation of financial statements, and has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so. Management will continue to review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

We did not audit Peninsula Township's response to the internal control finding described above and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the Township Board of Peninsula Township and the State of Michigan Department of Treasury and is not intended to be, and should not be, used by anyone other than these specified parties.

*Tobin & Co., P.C.*  
Certified Public Accountants  
August 14, 2024