

**TOWNSHIP OF PENTWATER, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED MARCH 31, 2026**

(FINAL/APPROVED)

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Governmental Funds	
Balance Sheet	17
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balance	19
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement of Activities	20
Proprietary Funds	
Statement of Net Position	21
Statement of Revenues, Expenses, and Changes in Net Position	22
Statement of Cash Flows	23
Fiduciary Funds	
Statement of Fiduciary Net Position	24
Statement of Changes in Fiduciary Net Position	25
Component Unit	
Governmental Funds Balance Sheet / Statement of Net Position	26
Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities	27
Notes to the Financial Statements	29
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund	44
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Cemetery	45
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Library	46
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Road	47

INDEPENDENT AUDITOR'S REPORT

To the Members of the Township Board
Township of Pentwater
Oceana County, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Pentwater ("the Township"), as of and for the year ended March 31, 2026, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of March 31, 2026, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical

context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Gabridge & Company

Gabridge & Company, PLC
Grand Rapids, Michigan
July 10, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Township of Pentwater
Management's Discussion and Analysis
March 31, 2026

As management of the Township of Pentwater, Michigan (the "Township" or "government") we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2026. We encourage readers to consider the information presented here in conjunction with the financial statements.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$2,677,775 (net position). Of this amount, \$918,186 represents unrestricted net position, which may be used to meet the Township's ongoing obligations to citizens and creditors.
- During the year, the Township received \$1,436,647 in revenues and incurred \$1,936,167 in expenses, resulting in a decrease in net position of \$499,520.
- At the close of the current fiscal year, the Township's governmental funds reported combined fund balances of \$1,416,748, a decrease of \$418,458 in comparison with the prior year. Approximately 56.2% of this amount \$796,623 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$796,623, or approximately 155.0% of the annual general fund expenditures and transfers out.

Overview of the Financial Statements

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

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

The *statement of net position* presents financial information on all of the Township's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying

event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., depreciation of capital assets).

Both of the government-wide financial statements report functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Township include general government, public safety, public works, community and economic development, and culture and recreation.

The government-wide financial statements include not only the Township itself (known as the primary government), but also a legally separate Fire Department for which the Township is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the Township.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Township reports governmental and fiduciary fund types.

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 assessing a government's near-term financing requirements.

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

The Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, cemetery, library, and road funds. All funds are considered to be major funds.

The Township adopts an annual appropriated budget for the general fund and each special revenue fund. A budgetary comparison schedule for the general fund and each major special revenue fund has been provided to demonstrate compliance with these budgets.

Proprietary Funds. The Township maintains one type of proprietary fund, an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the

government-wide financial statements. The Township uses enterprises funds to account for its sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provides information for the sewer operations, which is considered to be a major fund of the Township.

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 Township reports one fiduciary fund, the tax fund.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

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

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$2,677,775, at the close of the most recent fiscal year.

Township of Pentwater's Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2026	2025	2026	2025	2026	2025
ASSETS						
<i>Current Assets</i>						
Cash and Investments	\$ 1,386,596	\$ 1,630,101	\$ 88,624	\$ 80,258	\$ 1,475,220	\$ 1,710,359
Accounts Receivable	-	-	41,151	37,139	41,151	37,139
Taxes Receivable	22,449	38,673	-	-	22,449	38,673
Due from State	12,424	92,750	-	-	12,424	92,750
Prepaid Items	8,318	-	2,019	-	10,337	-
Total Current Assets	1,429,787	1,761,524	131,794	117,397	1,561,581	1,878,921
<i>Noncurrent Assets</i>						
Capital Assets not being Depreciated	61,929	63,279	-	-	61,929	63,279
Capital Assets being Depreciated, net	991,594	1,273,961	92,284	-	1,083,878	1,273,961
Total Assets	2,483,310	3,098,764	224,078	117,397	2,707,388	3,216,161
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	13,039	10,773	16,574	12,548	29,613	23,321
Accrued Payroll Liabilities	-	15,545	-	-	-	15,545
Total Current Liabilities	13,039	26,318	16,574	12,548	29,613	38,866
<i>Noncurrent Liabilities</i>						
Internal Balances	-	(100,000)	-	100,000	-	-
Total Liabilities	13,039	(73,682)	16,574	112,548	29,613	38,866
NET POSITION						
Net Investment in Capital Assets	1,053,523	1,337,240	92,284	-	1,145,807	1,337,240
Restricted	613,782	1,160,167	-	-	613,782	1,160,167
Unrestricted	802,966	675,039	115,220	4,849	918,186	679,888
Total Net Position	\$ 2,470,271	\$ 3,172,446	\$ 207,504	\$ 4,849	\$ 2,677,775	\$ 3,177,295

The largest portion of the Township's net position (42.8%, or \$1,145,807) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and land/building improvements). The Township uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending.

An additional portion of the Township's net position (22.9%, or \$613,782) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$918,186 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

Due from State decreased by \$80,326 largely due to the spending and waiting on reimbursement for a grant in the prior year. Additionally, the accrued payroll and liabilities decreased by \$15,545 due to the timing of pay periods.

A comparative analysis of the changes in net position for the Township follows:

Township of Pentwater's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2026	2025	2026	2025	2026	2025
Revenues						
Program Revenues						
Charges for Services	\$ 77,925	\$ 73,695	\$ 142,000	\$ 132,370	\$ 219,925	\$ 206,065
Operating Grants and Contributions	84,389	140,721	239,617	56,705	324,006	197,426
Total Program Revenues	162,314	214,416	381,617	189,075	543,931	403,491
General Revenues						
Property Taxes	741,447	920,623	-	-	741,447	920,623
Intergovernmental	98,575	85,490	-	-	98,575	85,490
Interest Income	52,694	61,239	-	-	52,694	61,239
Transfer	-	(32,714)	-	32,714	-	-
Total General Revenues	892,716	1,034,638	-	32,714	892,716	1,067,352
Total Revenues	1,055,030	1,249,054	381,617	221,789	1,436,647	1,470,843
Expenses						
General Government	405,879	446,976	-	-	405,879	446,976
Public Works	538,324	314,967	-	-	538,324	314,967
Community and Economic Development	55,381	68,037	-	-	55,381	68,037
Recreation and Culture	757,621	298,561	-	-	757,621	298,561
Sewer System	-	-	178,962	217,528	178,962	217,528
Total Expenses	1,757,205	1,128,541	178,962	217,528	1,936,167	1,346,069
Change in Net Position	(702,175)	120,513	202,655	4,261	(499,520)	124,774
Net Position at the Beginning of Period	3,172,446	3,051,933	4,849	588	3,177,295	3,052,521
Net Position at the End of Period	\$ 2,470,271	\$ 3,172,446	\$ 207,504	\$ 4,849	\$ 2,677,775	\$ 3,177,295

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

Governmental Activities. During the current fiscal year, net position decreased \$702,175 from the prior fiscal year for an ending balance of \$2,470,271. Property tax revenue decreased by \$179,176 due largely to a decrease in millage rates. The public works expense function increased by \$223,357 due to an increase in repairs and maintenance expenditures within the road fund. Additionally, the recreation and culture expense function increased by \$459,060 due to an increase in expenditures within the library fund. This is due to the fact the Township Library was reorganized as a District Library effective October 17, 2025, and all assets have been transferred to the separately audited unit. All other expense functions remained comparable to the prior year.

Business-type Activities. For the Township's business-type activities, the results for the current fiscal year led to an increase in overall net position of \$202,655 leading to an ending net position of \$207,504. The increase in overall net position is primarily due to an increase in operating grants.

Financial Analysis of Governmental Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful

in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Township itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Township's Board.

At March 31, 2026, the Township's governmental funds reported combined fund balances of \$1,416,748, a decrease of \$418,458 in comparison with the prior year. Approximately 56.2% of this amount, or \$796,623, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *restricted* to indicate that it is restricted for particular purposes (\$611,807) or nonspendable (\$8,318).

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 \$796,623. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents approximately 155.0% of total general fund expenditures and transfers out. The fund balance of the Township's general fund increased by \$127,927 during the current fiscal year.

The cemetery fund, a major fund, had a \$24,069 increase in fund balance during the current fiscal year which put the overall fund balance at \$455,856.

The library fund, a major fund, had a \$469,777 decrease in fund balance during the current fiscal year which put the overall fund balance at \$0. This is due to the fact that the Township Library was reorganized as a District Library effective October 17, 2025. All assets and liabilities have been transferred to the separately audited unit.

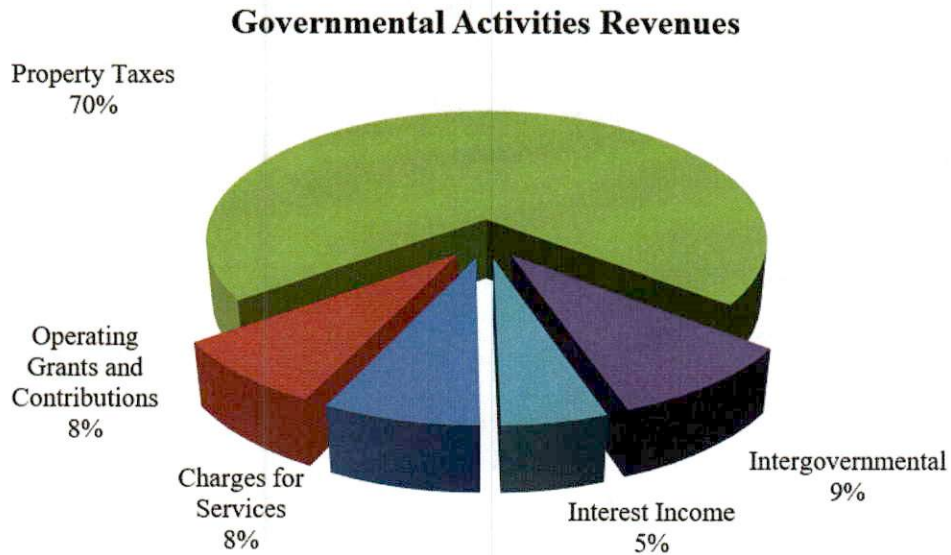
The road fund, a major fund, had a \$100,677 decrease in fund balance during the current fiscal year which put the overall fund balance at \$157,926.

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

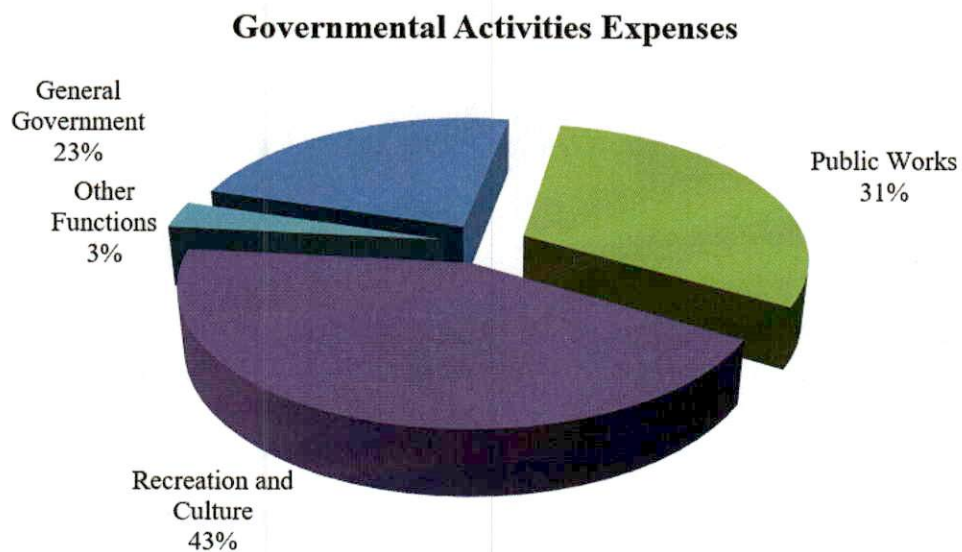
Unrestricted net position of the sewer fund at the end of the year was \$115,220. The increase in net position for the sewer fund was \$202,655.

Governmental Activities

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



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



General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was no need for any significant amendments to the original estimated revenues or original appropriated expenditures.

Final budget compared to actual results. During the current fiscal year the Township had the following expenditures in excess of appropriated amounts within the general fund:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General			
Transfer Station	\$ 57,239	\$ 57,332	\$ (93)

Capital Assets and Debt Administration

Capital Assets

The Township's investment in capital assets for its governmental activities as of March 31, 2026, amounts to \$1,145,807 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, equipment, fixtures, vehicles and sewer systems.. The total decrease in capital assets for the current fiscal year was approximately 10.1% as a result of excess depreciation over additions. More detailed information about the Township's capital assets can be found in Note 4 to the financial statements.

Long-term Debt

As described in Note 5 to the financial statements, the Fire Department issued an installment purchase agreement for a fire truck during fiscal 2021. Total long-term debt decreased by \$119,333 during 2026 leaving a total balance due of \$119,335. This balance is due in the upcoming fiscal year. More information about the Township's long-term debt can be found in Note 5 to the financial statements.

Economic Condition and Outlook

Revenues are expected to remain consistent in the general fund in the upcoming year. Expenditures are expected to change by small amounts compared to 2026. The Township continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2026-2027, the Township plans again to use current revenues to provide essential services and to maintain the Township's financial reserves at similar levels. Property tax revenues are expected to change minimally reflecting fairly stable property values. The ongoing costs of providing essential services for the citizens of the Township will again need to be monitored in order to maintain the financial condition of the Township.

Contacting the Township

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

Township of Pentwater
500 N Hancock Street
P.O. Box 512
Pentwater, MI 49449

BASIC FINANCIAL STATEMENTS

**Township of Pentwater
Statement of Net Position
March 31, 2026**

	Primary Government			Component Unit -
	Governmental	Business-type	Total	Fire Dept.
	Activities	Activities		
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 1,386,596	\$ 88,624	\$ 1,475,220	\$ 505,722
Accounts Receivable	--	41,151	41,151	--
Taxes Receivable	22,449	--	22,449	180,123
Due from State	12,424	--	12,424	--
Prepaid Items	8,318	2,019	10,337	2,483
Total Current Assets	1,429,787	131,794	1,561,581	688,328
<i>Noncurrent Assets</i>				
Capital Assets not being Depreciated	61,929	--	61,929	--
Capital Assets being Depreciated, net	991,594	92,284	1,083,878	984,783
Total Assets	2,483,310	224,078	2,707,388	1,673,111
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	13,039	16,574	29,613	10,459
Accrued Payroll Liabilities	--	--	--	52
Current Portion of Long-term Debt	--	--	--	119,335
Accrued Interest	--	--	--	238
Total Liabilities	13,039	16,574	29,613	130,084
NET POSITION				
Net Investment in Capital Assets	1,053,523	92,284	1,145,807	865,448
<i>Restricted for:</i>				
Cemetery	455,856	--	455,856	--
Roads	157,926	--	157,926	--
<i>Unrestricted</i>	802,966	115,220	918,186	677,579
Total Net Position	\$ 2,470,271	\$ 207,504	\$ 2,677,775	\$ 1,543,027

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

**Township of Pentwater
Statement of Activities
For the Year Ended March 31, 2026**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Unit - Fire Dept.
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
General Government	\$ 405,879	\$ 9,122	\$ 6,244	\$ --	\$ (390,513)	\$ --	\$ (390,513)	\$ --
Public Works	538,324	62,950	68,308	--	(407,066)	--	(407,066)	--
Community and Economic Development	55,381	3,695	--	--	(51,686)	--	(51,686)	--
Recreation and Culture	757,621	2,158	9,837	--	(745,626)	--	(745,626)	--
Total Governmental Activities	1,757,205	77,925	84,389	--	(1,594,891)	--	(1,594,891)	--
Business-type Activities:								
Sewer	178,962	142,000	239,617	--	--	202,655	202,655	--
Total Business-type Activities	178,962	142,000	239,617	--	--	202,655	202,655	--
Total Primary Government	\$ 1,936,167	\$ 219,925	\$ 324,006	\$ --	(1,594,891)	202,655	(1,392,236)	--
Component Unit								
Fire Department	\$ 359,058	\$ 32,427	\$ 15,418	\$ --	--	--	--	(311,213)
Total Component Unit	\$ 359,058	\$ 32,427	\$ 15,418	\$ --	--	--	--	(311,213)
General Purpose Revenues:								
Property Taxes					741,447	--	741,447	444,515
Intergovernmental					98,575	--	98,575	--
Interest Revenue					52,694	--	52,694	12,493
Total General Revenues					892,716	--	892,716	457,008
Change in Net Position					(702,175)	202,655	(499,520)	145,795
Net Position at Beginning of Period					3,172,446	4,849	3,177,295	1,397,232
Net Position at End of Period					\$ 2,470,271	\$ 207,504	\$ 2,677,775	\$ 1,543,027

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

**Township of Pentwater
Balance Sheet
Governmental Funds
March 31, 2026**

	Special Revenue				Total Governmental Funds
	General	Cemetery Fund	Library	Road Fund	
ASSETS					
Cash and Investments	\$ 781,014	\$ 451,592	\$ --	\$ 153,990	\$ 1,386,596
Taxes Receivable	14,440	3,216	--	4,793	22,449
Due from State	12,424	--	--	--	12,424
Prepaid Items	6,343	1,975	--	--	8,318
<i>Total Assets</i>	<u>\$ 814,221</u>	<u>\$ 456,783</u>	<u>\$ --</u>	<u>\$ 158,783</u>	<u>\$ 1,429,787</u>
LIABILITIES					
Accounts Payable	\$ 11,255	\$ 927	\$ --	\$ 857	\$ 13,039
<i>Total Liabilities</i>	<u>11,255</u>	<u>927</u>	<u>--</u>	<u>857</u>	<u>13,039</u>
FUND BALANCE					
Nonspendable	6,343	1,975	--	--	8,318
Restricted	--	453,881	--	157,926	611,807
Unassigned	796,623	--	--	--	796,623
<i>Total Fund Balance</i>	<u>802,966</u>	<u>455,856</u>	<u>--</u>	<u>157,926</u>	<u>1,416,748</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 814,221</u>	<u>\$ 456,783</u>	<u>\$ --</u>	<u>\$ 158,783</u>	<u>\$ 1,429,787</u>

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

Township of Pentwater
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
March 31, 2026

Total Fund Balance - Governmental Funds	\$ 1,416,748
Governmental capital assets of \$1,507,026, net of accumulated depreciation of \$453,503, are not financial resources and, accordingly, are not reported in the funds.	1,053,523
Total Net Position - Governmental Activities	<u>\$ 2,470,271</u>

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

Township of Pentwater
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended March 31, 2026

	Special Revenue				Total Governmental Funds
	General	Cemetery Fund	Library	Road Fund	
Revenues					
Property Taxes	\$ 482,131	\$ 100,157	\$ 9,913	\$ 149,246	\$ 741,447
Licenses and Permits	11,780	--	--	--	11,780
Intergovernmental	101,939	--	13,558	--	115,497
Charges for Services	25,577	21,136	--	--	46,713
Fines and Forfeitures	--	--	2,128	--	2,128
Contributions	--	--	4,442	--	4,442
Interest Revenue	19,890	14,859	12,947	4,998	52,694
Other Revenue	597	16,677	3,280	59,775	80,329
Total Revenues	641,914	152,829	46,268	214,019	1,055,030
Expenditures					
General Government	379,599	--	--	--	379,599
Public Works	79,007	128,760	--	314,696	522,463
Community and Economic Development	55,381	--	--	--	55,381
Recreation and Culture	--	--	516,045	--	516,045
Total Expenditures	513,987	128,760	516,045	314,696	1,473,488
Excess of Revenues Over (Under) Expenditures	127,927	24,069	(469,777)	(100,677)	(418,458)
Net Change in Fund Balance	127,927	24,069	(469,777)	(100,677)	(418,458)
<i>Fund Balance at Beginning of Period</i>	<i>675,039</i>	<i>431,787</i>	<i>469,777</i>	<i>258,603</i>	<i>1,835,206</i>
Fund Balance at End of Period	\$ 802,966	\$ 455,856	\$ --	\$ 157,926	\$ 1,416,748

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

Township of Pentwater
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended March 31, 2026

Total Net Change in Fund Balances - Governmental Funds	\$	(418,458)
--	----	-----------

Governmental funds report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay expenditures of \$34,589 is exceeded by depreciation expense of \$95,165 and loss on disposals of capital assets of \$223,141.

(283,717)

Changes in Net Position - Governmental Activities

	\$	<u>(702,175)</u>
--	----	------------------

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

**Township of Pentwater
Statement of Net Position
Proprietary Fund
March 31, 2026**

	Business-type Activities - Enterprise Fund
	Sewer
ASSETS	
<i>Current Assets</i>	
Cash and Investments	\$ 88,624
Accounts Receivable	41,151
Prepaid Items	2,019
Total Current Assets	131,794
<i>Noncurrent Assets</i>	
Capital Assets being Depreciated, net	92,284
Total Assets	224,078
LIABILITIES	
<i>Current Liabilities</i>	
Accounts Payable	16,574
Total Liabilities	16,574
NET POSITION	
Net Investment in Capital Assets	92,284
Unrestricted	115,220
Total Net Position	\$ 207,504

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

Township of Pentwater
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended March 31, 2026

	Business-type Activities - Enterprise Fund
	<u>Sewer</u>
Operating Revenues	
Charges for Services	\$ 142,000
<i>Total Operating Revenues</i>	<u>142,000</u>
Operating Expenses	
Miscellaneous Expenses	203
Salaries and Wages	6,961
Payroll Taxes and Benefits	1,877
Supplies	18,221
Utilities	47,396
Repairs and Maintenance	12,350
Contractual services	56,731
Professional Fees	28,107
Depreciation/Amortization	2,366
<i>Total Operating Expenses</i>	<u>174,212</u>
<i>Operating Income (Loss)</i>	<u>(32,212)</u>
Non-Operating Revenues (Expenses)	
Other	239,617
Interest on Long-Term Debt	(4,750)
<i>Net Non-Operating Revenues (Expenses)</i>	<u>234,867</u>
<i>Change In Net Position</i>	202,655
<i>Net Position at Beginning of Period</i>	4,849
<i>Net Position at End of Period</i>	<u>\$ 207,504</u>

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

**Township of Pentwater
Statement of Cash Flows
Proprietary Fund
For the Year Ended March 31, 2026**

	Business-type Activities - Enterprise Fund
	Sewer
Cash Flows from Operating Activities	
Cash Received from Charges for Services	\$ 137,988
Cash Payments to Employees for Services and Fringe Benefits	(8,838)
Cash Payments to Suppliers for Goods and Services	(161,001)
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>(31,851)</u>
Cash Flows from Non-capital Financing Activities	
Other Revenue	239,617
Change in Internal Balances	(100,000)
<i>Net Cash Provided by Non-capital Financing Activities</i>	<u>139,617</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(94,650)
Interest Payments on Internal Balances	(4,750)
<i>Net Cash Used by Capital and Related Financing Activities</i>	<u>(99,400)</u>
Net Increase in Cash and Equivalents	8,366
<i>Cash and Investments - Beginning of Year</i>	80,258
<i>Cash and Investments - End of Year</i>	<u>\$ 88,624</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (32,212)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities	
Depreciation Expense	2,366
Changes in Assets and Liabilities	
Receivables (Net)	(4,012)
Prepaid Items	(2,019)
Accounts Payable	4,026
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>\$ (31,851)</u>

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

Township of Pentwater
Statement of Fiduciary Net Position
Fiduciary Fund
March 31, 2026

	<u>Custodial</u>
ASSETS	
Cash and Investments	\$ 2,747,189
<i>Total Assets</i>	<u>2,747,189</u>
LIABILITIES	
Undistributed Receipts	<u>2,747,189</u>
<i>Total Liabilities</i>	<u>2,747,189</u>
NET POSITION	
Restricted for Individuals, organizations, and other governments	\$ <u> --</u>

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

Township of Pentwater
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended March 31, 2026

	<u>Custodial</u>
Additions	
Taxes Collected for Other Governments	\$ 10,679,111
<i>Total Additions</i>	<u>10,679,111</u>
Deductions	
Payments of Property Taxes to Other Governments	10,679,111
<i>Total Deductions</i>	<u>10,679,111</u>
<i>Change in Net Position</i>	--
Net Position at Beginning of Period	--
<i>Net Position at End of Period</i>	<u>\$ --</u>

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

Pentwater Fire Department (Component Unit of the Township of Pentwater)
Governmental Fund Balance Sheet / Statement of Net Position
March 31, 2026

	<u>Fire Department Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
<i>Current Assets</i>			
Cash and Investments	\$ 505,722		\$ 505,722
Taxes Receivable	180,123		180,123
Prepaid Items	2,483		2,483
Total Current Assets	<u>688,328</u>		<u>688,328</u>
<i>Noncurrent Assets</i>			
Capital Assets being Depreciated	-- (1)	984,783	984,783
Total Assets	<u>688,328</u>		<u>1,673,111</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	10,459		10,459
Accrued Payroll	52		52
Accrued Interest	-- (2)	238	238
Current Long-term Debt	-- (2)	119,335	119,335
Total Current Liabilities	<u>10,511</u>		<u>130,084</u>
FUND BALANCE / NET POSITION			
Investment in Capital Assets	--	865,448	865,448
Unassigned / Unrestricted	677,817		677,579
Total Fund Balance / Net Position	<u>\$ 677,817</u>		<u>\$ 1,543,027</u>

(1) Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

(2) Long-term debt and accrued interest are not due and payable in the current period and, therefore, are not reported as liabilities in the fund.

Pentwater Fire Department (Component Unit of the Township of Pentwater)
Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balance / Statement of Activities
For the Year Ended March 31, 2026

	Fire Department Fund		Adjustments	Statement of Activities
Expenditures / Expenses				
Public Safety	\$ 395,023	(1)/(2)	(37,220)	\$ 357,803
Interest on Long-term Debt	1,731	(2)	(476)	1,255
Total Expenses	396,754			359,058
Program Revenues				
Charges for Services	32,427			32,427
Operating Grants and Contributions	15,418			15,418
Total Program Revenues	47,845			47,845
Net Program Revenues (Expenses)	(348,909)			(311,213)
General Revenue				
Property Taxes	444,515			444,515
Interest Revenue	12,493			12,493
Total General Revenues	457,008			457,008
Change in Fund Balance / Net Position	108,099			145,795
<i>Fund Balance / Net Position at Beginning of Period</i>	569,718			1,397,232
Fund Balance / Net Position at End of Period	\$ 677,817			\$ 1,543,027

(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents capital asset additions of \$25,775 being exceeded by depreciation expense of \$107,890.

(2) Current year long-term debt principal payments are expenditures in the fund financial statements but are reductions in long-term debt in the government-wide financial statements. This amount represents the principal payment on the debt of \$119,335 and a decrease in accrued interest of \$476.

NOTES TO THE FINANCIAL STATEMENTS

Township of Pentwater

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Township of Pentwater (the "Township" or "government") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

Reporting Entity

The Township is located in Oceana County. The Township operates under an elected Township Board and provides services to its more than 1,652 residents in many areas including general government, public safety, public works, community and economic development, and recreation and culture.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 61, "*The Financial Reporting Entity*," these financial statements present the Township and one component unit. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

The following organization is a component unit of the Township and is included as a ***discretely presented component unit*** in the basic financial statements:

The Township entered into an agreement with the Village of Pentwater forming the ***Pentwater Fire Department*** (the "Fire Department"). Effective June 1, 2008, the Township assumed responsibility for the accounting for the Fire Department previously maintained by the Village. Under the terms of the agreement, the Fire Department is jointly operated and owned by the Township and the Village of Pentwater. Accordingly, the Pentwater Fire Department is reported as a discretely presented component unit of the Township.

The following organizations are a component unit of the Township and are included as ***blended component units*** in the basic financial statements:

The library fund accounts for the financing and operating of the ***Pentwater Township Library***. The library fund is reported as a special revenue fund as township libraries are not considered primary local units in Michigan and township library board directors are considered township officers. The library fund was closed and is now a separately audited unit.

The cemetery fund accounts for the financing and operating of the ***Pentwater Township Cemetery***. All financial decisions concerning the cemetery fund are approved by the Township. The cemetery fund is reported as a special revenue fund.

Township of Pentwater

Notes to the Financial Statements

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *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 Township currently reports one business-type activity.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, except for custodial funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures 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

Township of Pentwater

Notes to the Financial Statements

fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

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

The **library fund** accounts for the financing and operating of the Pentwater Township Library. Funding is provided by a library tax millage, charges for services, and state aid.

The **cemetery fund** accounts for the financing and operating of the Pentwater Township Cemetery. All financial decisions concerning the Cemetery Fund are approved by the Township. Funding is primarily provided by a cemetery millage.

The **road fund** accounts for the repair and maintenance on Township roads. Funding is primarily through property taxes.

The Township reports the following major proprietary fund:

The **sewer system fund** accounts for the activities of the Township's sewage collection system.

In addition, the Township reports the following fiduciary fund:

The **custodial fund** accounts for the collection and disbursements of taxes and other monies due to other units of government and individuals.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Township's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 funds are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Township of Pentwater

Notes to the Financial Statements

Assets, Liabilities, and Equity

Cash and Cash Equivalents

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

State statutes and Township policy authorize the Township to invest in:

- Bonds, securities, other obligations, and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- 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 a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Investments are stated at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and all other outstanding balances between funds are referred to as "due to/from other funds" (i.e., the current portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. No amounts have been deemed uncollectible during the current year.

Township of Pentwater

Notes to the Financial Statements

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method. Prepaid items of governmental funds are reported as nonspendable fund balance because they are not in spendable form.

Capital Assets

Capital assets, which include buildings and improvements, equipment, vehicles, and similar items, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year and an initial individual cost of more than \$2,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Land Improvements	20 - 40
Buildings and Improvements	10 - 40
Equipment and Fixtures	3 - 15
Computers & Software	15
Sewer	40

Unearned Revenues

Unearned revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

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.

Township of Pentwater

Notes to the Financial Statements

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 Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

Unassigned fund balance is the residual classification for the Township's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Township's Board.

Township of Pentwater

Notes to the Financial Statements

Revenues and Expenditures / Expenses

Property Tax Revenue Recognition

The Township bills and collects both its own property tax levy and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Property taxes are levied twice per year. A summer tax is levied on July 1 and a winter tax is levied on December 1. The tax levies are due September 14 and February 14, respectively. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Oceana County Treasurer on March 1 of the year following the levy. The Oceana County Treasurer remits payments to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection. Property taxes are recognized as revenues in the period for which they are levied.

The Township levied 1.1825 per \$1,000 of assessed valuation for general government service, 0.9859 for fire services, 0.7913 for library services, and 0.3308 for cemetery services, and 0.4819 for fire apparatus and 0.4929 for roads for the year ended March 31, 2026. The total taxable value for the 2025 levy for property within the Township was \$303,710,590.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Note 2 - Budgetary Compliance

Budgetary Information

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

1. Prior to March 31, the Township Board reviews a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to April 1 the budget is legally adopted.

Township of Pentwater

Notes to the Financial Statements

4. Budgets for the general fund and special revenue funds are adopted on a basis consistent with U.S. generally accepted accounting principles.
5. Any revision to the budget must be approved by the Township Board.
6. Budgeted amounts are as originally adopted or amended by the Township Board during the year. Individual amendments were not material in relation to the original appropriations which were amended.
7. All annual appropriations lapse at year-end.

Excess of Expenditures over Appropriations in Budgeted Funds

The Township had the following expenditures in excess of the amount appropriated during the year ended March 31, 2026:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General			
Transfer Station	\$ 57,239	\$ 57,332	\$ (93)
Library			
Recreation and Culture	333,914	516,045	(182,131)
Road			
Public Works	257,884	314,696	(56,812)

Township of Pentwater

Notes to the Financial Statements

Note 3 - Cash

The Township maintains pooled and individual fund demand deposits and certificates of deposit accounts for the primary government and the component unit.

Following is a reconciliation of deposit balances as March 31, 2026:

	<u>Total Government</u>
Statement of Net Position	
Cash and Investments	\$ 1,475,220
Statement of Fiduciary Net Position	
Cash and Investments	2,747,189
Component Unit - Fire Department	
Cash and Investments	505,722
<i>Total Deposits and Investments</i>	<u>\$ 4,728,131</u>
 Deposits and Investments	
Checking and Savings Accounts	\$ 3,892,540
Michigan Class - Pooled Investments	706,410
Certificates of Deposit	129,030
Petty Cash	151
<i>Total Deposits and Investments</i>	<u>\$ 4,728,131</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year-end, \$3,644,106 of the Township's bank balance of \$4,023,164 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the Township believes it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment

Township of Pentwater

Notes to the Financial Statements

maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All certificates of deposit of \$129,030 mature within one year.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The Township's investment policy does not limit investments in a single financial institution of a single security type (with the exception of U.S. treasuries and agencies and authorized pools) to a specified percentage of the total investment portfolio. All investments held at year-end are reported above.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices.

Credit risk rating of the Township's pooled investments of \$706,410 were rated AAAm by S&P.

Fair Value Measurement

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

The Township holds shares in the Michigan CLASS government investment pool whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year-end, the net asset value of the Township's investment in the Michigan CLASS government investment pool was \$706,410. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS government investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

Township of Pentwater

Notes to the Financial Statements

Note 4 - Capital Assets

Capital asset activity for governmental activities for the year ended March 31, 2026 was as follows:

Governmental Activities	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital Assets not Being Depreciated					
Land	\$ 61,929	\$ -	\$ -	\$ -	\$ 61,929
Construction in Progress	1,350	-	-	(1,350)	-
Total Capital Assets not Being Depreciated	63,279	-	-	(1,350)	61,929
Capital Assets Being Depreciated					
Land Improvements	405,278	-	-	-	405,278
Buildings and Improvements	1,168,244	34,589	287,869	1,350	916,314
Equipment and Fixtures	134,553	-	24,691	-	109,862
Computers & Software	6,150	-	-	-	6,150
Library Collection	78,943	-	78,943	-	-
Furniture & Fixtures	7,493	-	-	-	7,493
Total Capital Assets Being Depreciated	1,800,661	34,589	391,503	1,350	1,445,097
Less Accumulated Depreciation					
Land Improvements	117,974	18,482	-	-	136,456
Buildings and Improvements	279,654	42,981	113,070	-	209,565
Equipment and Fixtures	105,206	15,183	16,840	-	103,549
Computers & Software	205	1,230	-	-	1,435
Library Collection	22,662	15,790	38,452	-	-
Furniture & Fixtures	999	1,499	-	-	2,498
Total Accumulated Depreciation	526,700	95,165	168,362	-	453,503
Net Capital Assets Being Depreciated	1,273,961	(60,576)	223,141	1,350	991,594
Net Capital Assets	\$ 1,337,240	\$ (60,576)	\$ 223,141	\$ -	\$ 1,053,523

Capital asset activity for business-type activities for the year ended March 31, 2026 was as follows:

Business-type Activities	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital Assets Being Depreciated					
Sewer	\$ -	\$ 94,650	\$ -	\$ -	\$ 94,650
Total Capital Assets Being Depreciated	-	94,650	-	-	94,650
Less Accumulated Depreciation					
Sewer	-	2,366	-	-	2,366
Total Accumulated Depreciation	-	2,366	-	-	2,366
Net Capital Assets	\$ -	\$ 92,284	\$ -	\$ -	\$ 92,284

Township of Pentwater

Notes to the Financial Statements

Capital asset activity for the component unit for the year ended March 31, 2026 was as follows

Component Unit - Fire Department	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land Improvements	\$ 185,144	\$ -	\$ -	\$ -	\$ 185,144
Vehicles	1,521,572	15,000	-	-	1,536,572
Equipment	428,509	10,775	-	-	439,284
Total Capital Assets Being Depreciated	2,135,225	25,775	-	-	2,161,000
Less Accumulated Depreciation					
Land Improvements	131,050	5,251	-	-	136,301
Vehicles	634,454	76,889	-	-	711,343
Equipment	302,823	25,750	-	-	328,573
Total Accumulated Depreciation	1,068,327	107,890	-	-	1,176,217
Net Capital Assets	\$ 1,066,898	\$ (82,115)	\$ -	\$ -	\$ 984,783

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

Governmental Activities

General Government	\$ 39,718
Public Works	22,861
Recreation and Culture	32,586
Total Governmental Activities	\$ 95,165

Business-type Activities

Sewer Fund	\$ 2,366
Total Business-type Activities	\$ 2,366

Depreciation of \$107,890 in the fire department (discretely presented component unit) was charged to public safety.

Note 5 - Long-term Debt

The following is a summary of long-term debt activity of the Township for the year ended March 31, 2026:

	Beginning Balance	Reductions	Ending Balance	Due Within One Year
Fire Department - Component Unit				
Direct Placement - 2021 Installment				
Purchase Agreement with annual				
principal payments of \$119,333 due				
May 1 plus interest at .95% with				
maturity of May 1, 2026 - Fire Truck	\$ 238,668	\$ 119,333	\$ 119,335	\$ 119,335

Township of Pentwater

Notes to the Financial Statements

Following is a schedule of future payments of long-term debt:

Year Ending March 31,	Fire Department		
	Principal	Interest	Total
2027	119,335	645	119,980
<i>Totals</i>	<i>\$ 119,335</i>	<i>\$ 645</i>	<i>\$ 119,980</i>

Note 6 - Interfund Transactions

All amounts due from other funds represent advances to other funds to finance operations or capital outlays. There were no amounts due from other funds at March 31, 2026.

Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. There were no interfund transfers as of March 31, 2026.

Note 7 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The risks of loss arising from general liability, property and casualty, and workers' compensation are managed through purchased commercial insurance. Settled claims have not exceeded insurance coverage in any of the preceding three years.

Note 8 - Establishment of Pentwater District Library

Effective October 17, 2025, the Township Library was reorganized pursuant to the Michigan District Library Establishment Act (1989 PA 24, as amended) and a District Library Agreement approved by the State Librarian. As a result, the Pentwater District Library was established as a legally separate governmental entity to provide library services within the District Library service area.

In accordance with the District Library Agreement, substantially all assets, liabilities, contractual obligations, employees, library operations, and the library building formerly associated with the Pentwater Township Library were transferred to the Pentwater District Library on the effective date. The transferred assets included cash and investments, library collections, equipment, furniture, records, endowment assets, and other property used in library operations. The Pentwater District Library also assumed the contractual obligations associated with the operation of the library.

Township of Pentwater

Notes to the Financial Statements

Following the establishment of the Pentwater District Library and the transfer of operations, the Township reevaluated its reporting relationship with the District Library in accordance with Governmental Accounting Standards Board (GASB) reporting entity guidance. Based on that evaluation, the Township determined that the Pentwater District Library should no longer be reported as a blended component unit. Accordingly, library operations are included in the Township's financial statements only through October 17, 2025.

Following the transfer, the Pentwater District Library is responsible for its own governance, operations, budgeting, personnel, and financial reporting. The Township's ongoing involvement is limited to responsibilities provided under the District Library Agreement and applicable Michigan law.

Note 9 - Subsequent Events

Management evaluated subsequent events through July 10, 2026, the date the financial statements were available to be issued, and determined that no subsequent events require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Pentwater
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended March 31, 2026

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Property Taxes	\$ 499,273	\$ 499,273	\$ 482,131	\$ (17,142)
Licenses and Permits	11,250	11,250	11,780	530
Intergovernmental	86,120	86,120	101,939	15,819
Charges for Services	21,400	21,400	25,577	4,177
Interest Revenue	13,400	13,400	19,890	6,490
Other Revenue	12,500	12,500	597	(11,903)
Total Revenues	643,943	643,943	641,914	(2,029)
Expenditures				
General Government				
Township Board	4,844	4,844	3,756	1,088
Supervisor	56,815	56,815	42,539	14,276
Clerk	78,572	78,572	75,370	3,202
Board of Review	2,136	2,136	1,765	371
Treasurer	70,570	70,570	65,841	4,729
Assessor	73,760	73,760	69,483	4,277
Election	21,560	21,560	1,654	19,906
Township	142,176	142,176	119,191	22,985
Total General Government	450,433	450,433	379,599	70,834
Public Works				
Drain	20,000	20,000	475	19,525
Marina - Recreation - Library	50,850	50,850	21,200	29,650
Transfer Station	57,239	57,239	57,332	(93)
Total Public Works	128,089	128,089	79,007	49,082
Community and Economic Development				
Planning Commission	7,889	7,889	4,010	3,879
Zoning Administration	57,532	57,532	51,371	6,161
Total Community and Economic Development	65,421	65,421	55,381	10,040
Total Expenditures	643,943	643,943	513,987	129,956
Excess (Deficiency) of Revenues				
Over Expenditures	--	--	127,927	127,927
Net Change in Fund Balance	--	--	127,927	127,927
Fund Balance at Beginning of Period	675,039	675,039	675,039	--
Fund Balance at End of Period	\$ 675,039	\$ 675,039	\$ 802,966	\$ 127,927

Township of Pentwater
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Cemetery Fund
For the Year Ended March 31, 2026

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property Taxes	\$ 149,531	\$ 149,531	\$ 100,157	\$ (49,374)
Charges for Services	11,100	11,100	21,136	10,036
Interest Revenue	12,475	12,475	14,859	2,384
Other Revenue	2,400	2,400	16,677	14,277
<i>Total Revenues</i>	<u>175,506</u>	<u>175,506</u>	<u>152,829</u>	<u>(22,677)</u>
Expenditures				
Public Works	175,506	175,506	128,760	46,746
<i>Total Expenditures</i>	<u>175,506</u>	<u>175,506</u>	<u>128,760</u>	<u>46,746</u>
<i>Excess (Deficiency) of Revenues</i> <i>Over Expenditures</i>	--	--	24,069	24,069
<i>Net Change in Fund Balance</i>	--	--	24,069	24,069
<i>Fund Balance at Beginning of Period</i>	431,787	431,787	431,787	--
<i>Fund Balance at End of Period</i>	<u>\$ 431,787</u>	<u>\$ 431,787</u>	<u>\$ 455,856</u>	<u>\$ 24,069</u>

Township of Pentwater
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Library
For the Year Ended March 31, 2026

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Property Taxes	\$ 229,101	\$ 229,101	\$ 9,913	\$ (219,188)
Intergovernmental	15,000	15,000	13,558	(1,442)
Fees	3,000	3,000	2,128	(872)
Contributions	2,500	2,500	4,442	1,942
Interest Revenue	5,000	11,164	12,947	1,783
Other Revenue	--	2,500	3,280	780
Total Revenues	<u>254,601</u>	<u>263,265</u>	<u>46,268</u>	<u>(216,997)</u>
Expenditures				
Recreation and Culture	325,250	333,914	516,045	(182,131)
Total Expenditures	<u>325,250</u>	<u>333,914</u>	<u>516,045</u>	<u>(182,131)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(70,649)</u>	<u>(70,649)</u>	<u>(469,777)</u>	<u>(399,128)</u>
Net Change in Fund Balance	(70,649)	(70,649)	(469,777)	(399,128)
Fund Balance at Beginning of Period	469,777	469,777	469,777	--
Fund Balance at End of Period	<u>\$ 399,128</u>	<u>\$ 399,128</u>	<u>\$ --</u>	<u>\$ (399,128)</u>

Township of Pentwater
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Road Fund
For the Year Ended March 31, 2026

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Property Taxes	\$ 263,000	\$ 263,000	\$ 149,246	\$ (113,754)
Interest Revenue	7,500	7,500	4,998	(2,502)
Other Revenue	--	--	59,775	59,775
Total Revenues	<u>270,500</u>	<u>270,500</u>	<u>214,019</u>	<u>(56,481)</u>
Expenditures				
Public Works	257,884	257,884	314,696	(56,812)
Total Expenditures	<u>257,884</u>	<u>257,884</u>	<u>314,696</u>	<u>(56,812)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>12,616</u>	<u>12,616</u>	<u>(100,677)</u>	<u>(113,293)</u>
Net Change in Fund Balance	<u>12,616</u>	<u>12,616</u>	<u>(100,677)</u>	<u>(113,293)</u>
Fund Balance at Beginning of Period	258,603	258,603	258,603	--
Fund Balance at End of Period	<u>\$ 271,219</u>	<u>\$ 271,219</u>	<u>\$ 157,926</u>	<u>\$ (113,293)</u>

July 10, 2026

To the Members of the Township Board
Township of Pentwater
Oceana County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Pentwater (the "Township") for the year ended March 31, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 28, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 to the financial statements. There were no new accounting policies adopted and the application of existing policies was not changed during the fiscal year ended March 31, 2026. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Some 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 July 10, 2026.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis 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.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township as of and for the year ended March 31, 2026, in accordance with auditing standards generally accepted in the United States of America, we considered the 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 deficiencies in internal control that we consider to be material weaknesses.

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 deficiencies to be material weaknesses:

2026-001 Material audit adjustments and financial statement preparation:

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

Condition: We identified and proposed material audit adjustments that management reviewed and approved. We also assisted management with preparing the basic financial statements and the related footnotes.

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 adjustments 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.

Restrictions on Use

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



Gabridge & Company, PLC
Grand Rapids, MI