

**TOWNSHIP OF WHITEFISH  
CHIPPEWA COUNTY, MICHIGAN**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

To the Township Board  
Township of Whitefish  
Chippewa County, Michigan

***Opinions***

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

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

***Basis for Opinions***

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

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

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

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

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

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

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

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

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

## ***Required Supplementary Information***

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

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

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

Gabridge & Company, PLC  
Grand Rapids, Michigan  
December 20, 2024

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

**Township of Whitefish  
Management's Discussion and Analysis  
June 30, 2024**

As the Township Board of the Township of Whitefish, Chippewa County (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 June 30, 2024.

***Financial Highlights***

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$2,175,365 (net position). Of this amount, \$449,300 represents unrestricted net position, which may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's revenues were \$865,533 and expenses were \$916,287 for a decrease in overall net position of \$50,754.
- At the close of the current fiscal year, the Township's general fund reported fund balance of \$449,738, a decrease of \$70,467 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$224,164, or approximately 45.2% of total general fund expenditures.

***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements the comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the Financial Statements. This report also contains 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., changes in long-term debt and capital assets).

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, recreation and culture, and health and welfare.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township are categorized as governmental funds. All of the funds of the Township can be divided into two categories: governmental 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.

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 fund, fire fund, and ambulance fund, which are considered to be major funds. The sole nonmajor fund is the library fund. All Township government activities are included in these four funds. The Township adopts an annual appropriated budget for its general fund and special revenue funds.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported 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 *custodial fund* reports resources held by the Township in a custodial capacity for individuals, private organizations, and other governments.

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

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

### ***Government-wide Financial Analysis***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$2,175,365 at the close of the most recent fiscal year.

A summary of the Township's net position for the most recently audited two years is as follows:

### Township of Whitefish's Net Position

	2024	2022
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 1,006,766	\$ 920,456
Receivables, net	13,323	10,476
Due from Other Governments	16,672	70,057
Prepaid Items	24,229	16,355
<b>Total Current Assets</b>	1,060,990	1,017,344
<i>Noncurrent Assets</i>		
Capital Assets, net	1,217,973	1,424,379
<b>Total Assets</b>	2,278,963	2,441,723
<b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Accounts Payable	48,726	56,799
Accrued Payroll and Related Liabilities	14,170	19,886
Unearned Revenue	3,196	33,242
Accrued Interest Payable	438	1,350
Current Portion of Long-term Debt	37,068	38,091
<b>Total Current Liabilities</b>	103,598	149,368
<i>Noncurrent Liabilities</i>		
Long-term Debt	-	76,635
<b>Total Liabilities</b>	103,598	226,003
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,180,905	1,309,653
Restricted	545,160	366,194
Unrestricted	449,300	539,873
<b>Total Net Position</b>	\$ 2,175,365	\$ 2,215,720

The largest portion of the Township's net position (\$1,180,905) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The Township uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position (\$545,160) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$449,300, is

unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

Below are explanations of significant changes in the Township's assets and liabilities:

***Increase in Cash***

Cash increased by \$86,310 from June 30, 2022, to June 30, 2024. This increase is largely attributable to the collection of American Rescue Plan Act (ARPA) funds that were recorded as receivable as of June 30, 2022. The receipt of these funds during fiscal 2023 contributed to the cash increase.

***Decrease in Capital Assets***

Capital assets, net of accumulated depreciation, decreased by \$206,406 during the same period. This decline is the result of the Township's depreciation expense exceeding capital additions since June 30, 2022. The Township continues to use and maintain its existing assets while monitoring opportunities for future investments in infrastructure.

***Decrease in Unearned Revenue***

Unearned revenue decreased by \$30,046 between June 30, 2022, and June 30, 2024. This reduction reflects the Township's utilization of ARPA funds during fiscal 2024. As the funds were expended on allowable projects, they were recognized as revenue in accordance with governmental accounting standards.

Governmental activities decreased the Township’s net position by \$50,754. The change in net position is summarized as follows:

**Township of Whitefish's Changes in Net Position**

	<u>2024</u>	<u>2022</u>
<b>Revenues</b>		
<b>Program Revenues</b>		
Charges for Services	\$ 168,984	\$ 173,522
Operating Grants and Contributions	37,082	10,663
<b>Total Program Revenues</b>	<u>206,066</u>	<u>184,185</u>
<b>General Revenues</b>		
Taxes	596,012	524,529
State Sources	52,318	56,168
Investment Income	11,137	505
<b>Total General Revenues</b>	<u>659,467</u>	<u>581,202</u>
<b>Total Revenues</b>	<u>865,533</u>	<u>765,387</u>
<b>Expenses</b>		
General Government	415,281	329,595
Public Safety	77,235	84,258
Public Works	71,682	86,135
Community and Economic Development	16,468	17,544
Recreation and Culture	64,211	78,359
Health and Welfare	269,611	144,036
Interest on Long-term Debt	1,799	3,550
<b>Total Expenses</b>	<u>916,287</u>	<u>743,477</u>
<b>Change in Net Position</b>	<u>(50,754)</u>	<u>21,910</u>
<i>Net Position at Beginning of Period</i>	<u>2,226,119</u>	<u>2,193,810</u>
<b>Net Position at End of Period</b>	<u>\$ 2,175,365</u>	<u>\$ 2,215,720</u>

The following summarizes significant changes in revenues and expenses:

***Increase in Operating Grants and Contributions***

Operating grants and contributions increased by \$26,419, primarily due to the recognition of \$33,242 in one-time revenue from the American Rescue Plan Act (ARPA) funds in 2024. This increase was offset slightly by reductions in other grant revenues over the two-year period.

***Increase in Tax Revenues***

Tax revenues rose by \$71,483, largely a result of the 12.37% increase in taxable values since 2022. This was driven by higher taxable values across the Township, reflecting rising property values and overall economic growth.

### ***Increase in Investment Income***

Investment income improved by \$10,632 as the Township earned superior returns on its money market funds in 2024 compared to 2022. This was a result of higher interest rates during 2024.

### ***Increase in General Government Expenses***

General government expenses increased by \$85,686. This was primarily attributed to inflationary pressures that drove up the costs of operations. Additionally, the Township incurred \$37,325 in penalties related to prior-year payroll tax compliance, which contributed significantly to the increase.

### ***Increase in Health and Welfare Expenses***

Health and welfare expenses rose by \$125,575 due to the increased cost of operations for the Township's ambulance service. Rising demand for services, higher staffing costs, and general inflationary pressures contributed to this change.

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

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

***Governmental funds*** The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$988,509, an increase of \$14,314 in comparison with the prior year. Of this \$988,509 fund balance, \$24,229, or 2.5%, is nonspendable as it relates to prepaid insurance, \$538,771, or 54.5%, is restricted for particular purposes, \$201,345, or 20.3% is assigned to balance the general fund's fiscal 2025 budget, and the remaining \$224,164, or 22.7%, is unassigned.

The ***general fund*** is used for normal governmental activities such as, paying employees, running elections, zoning activities, office supplies, and other activities. The general fund decreased its balance in this fiscal year by \$70,467, bringing the balance to \$449,738. The decrease in fund balance is attributed to more monies going out in the current year for general government expenditures.

The ***ambulance fund*** is used to account for operation of the township ambulance services to residents of the Township. The fund balance of the ambulance fund at fiscal year-end was \$234,717. This was an increase of \$13,407 from the previous fiscal year. The increase is largely a result of \$33,242 of one-time ARPA grant revenues recognized in the current year.

The *fire fund* is used to account for operation of the township fire department’s services to the residents of the Township. The fund balance of the fire fund at the most recent fiscal year end was \$237,968. This was an increase of \$65,481 over the previous year. Revenues and expenditures year over year remained consistent.

***General Fund Budgetary Highlights***

The Township's original general fund revenue budget of \$368,518 was amended to \$369,518, reflecting a modest increase of \$1,000 due to adjustments in other revenue estimates. On the expenditure side, significant changes were made to better align the budget with actual needs. The original expenditure budget of \$622,895 was reduced to \$505,479, a decrease of \$117,416. The largest reductions were seen in Township operations, which decreased by \$96,000, from \$203,735 to \$107,735, and the transfer station, which was reduced by \$30,400, from \$58,220 to \$27,820. Additionally, minor reductions were made in building and grounds expenditures. Despite these cuts, certain areas saw increases, including accounting and advisory services, which rose to \$8,500 from zero in the original budget, and assessor costs, which increased by \$2,750 to \$61,550.

As a result of these adjustments, the original budgeted deficit of \$254,377 improved to \$135,961, an overall positive change of \$118,416. This improvement reflects the Township's efforts to carefully manage expenditures while making slight adjustments to revenue expectations, leading to a more favorable financial outlook compared to the original budget.

The Township had the following general fund expenditures in excess of the amount appropriated during the year ended June 30, 2024:

<b>General Fund</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Township Board	\$ 9,920	\$ 44,900	\$ (34,980)
Accounting and Advisory	8,500	8,568	(68)
Treasurer	49,495	52,039	(2,544)
Clerk	35,989	37,989	(2,000)
Transfer Station	27,820	52,615	(24,795)
Debt Service, Principal	5,500	6,000	(500)

***Capital Asset and Debt Administration***

At year-end, the Township’s investment in capital assets amounted to \$1,217,973 (net of accumulated depreciation). This represents a decrease of \$111,491 compared to the prior year, which reflects depreciation expenses of \$111,491 and no capital asset additions during fiscal year 2024. The Township’s capital assets encompass a broad range of investments.

The Township has \$37,068 of long-term debt outstanding as of year-end, all of which is scheduled to be paid in full during fiscal 2025.

Further detail on both the Township’s capital assets and long-term debt can be found in the notes to the financial statements section of this document.

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

Management estimates that approximately \$431,823 in revenues will be available for appropriation in the general fund for the fiscal year ending June 30, 2025. Expenditures are projected to increase to \$633,168, resulting in a budgeted decrease in fund balance of \$201,345. The Township continues to evaluate all budget line items to identify opportunities to reduce expenditures wherever possible. The budget will be monitored throughout the year to determine if amendments are necessary.

In 2025, the Township plans to use current revenues to provide essential services and maintain financial reserves at similar levels. Property tax revenues are expected to remain relatively stable, reflecting consistent property values. The ongoing costs of delivering essential services to Township residents will require close monitoring to ensure the financial condition of the Township is maintained.

Given current economic conditions, the Township is particularly focused on managing the impacts of inflation on wages and benefits. Rising costs in these areas necessitate careful budgeting to ensure expenditures align with available revenues. At the same time, maintaining competitive compensation is vital for attracting and retaining qualified personnel, which is essential to providing high-quality public services.

The Township relies on property taxes as a primary revenue source, emphasizing the importance of stable or modestly increasing taxable values. Management anticipates that any growth in taxable values will help offset rising operational costs. To support this, the Township will continue exploring community development opportunities and infrastructure improvements that can enhance property values over time.

Additionally, ambulance charges for services remain an important revenue source for the Township. Management is committed to ensuring these fees adequately cover current operating costs while also contributing to future equipment replacement and maintenance needs.

In summary, while the Township anticipates a budgeted decrease in fund balance for the upcoming fiscal year, management remains focused on proactive financial oversight, expenditure control, and revenue enhancement strategies to preserve fiscal stability and continue providing essential services to the community.

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

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

Township of Whitefish  
7052 North M-123  
Paradise, MI 49768

## **Basic Financial Statements**

**Township of Whitefish**  
**Statement of Net Position**  
**June 30, 2024**

**ASSETS**

*Current Assets*

Cash and Cash Equivalents	\$	1,006,766
Receivables, net		13,323
Due from Other Governments		16,672
Prepaid Items		24,229
<b><i>Total Current Assets</i></b>		<b>1,060,990</b>

*Noncurrent Assets*

Capital Assets not Being Depreciated		42,000
Capital Assets Being Depreciated, net		1,175,973
<b><i>Total Assets</i></b>		<b>2,278,963</b>

**LIABILITIES**

*Current Liabilities*

Accounts Payable		48,726
Accrued Payroll and Related Liabilities		14,170
Current Portion of Long-term Debt		37,068
Accrued Interest Payable		438
Unearned Revenue		3,196
<b><i>Total Current Liabilities</i></b>		<b>103,598</b>

**NET POSITION**

Net Investment in Capital Assets		1,180,905
<i>Restricted for:</i>		
Public Safety		237,968
Health and Welfare		241,106
Recreation and Culture		66,086
<i>Unrestricted</i>		449,300
<b><i>Total Net Position</i></b>	<b>\$</b>	<b>2,175,365</b>

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

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
General Government	\$ 415,281	\$ 16,664	\$ --	\$ --	\$ (398,617)
Public Safety	77,235	12,978	--	--	(64,257)
Public Works	71,682	37,160	2,043	--	(32,479)
Community and Economic Development	16,468	5,035	--	--	(11,433)
Recreation and Culture	64,211	4,561	1,797	--	(57,853)
Health and Welfare	269,611	92,586	33,242	--	(143,783)
Interest on Long-term Debt	1,799	--	--	--	(1,799)
<b>Total</b>	<b>\$ 916,287</b>	<b>\$ 168,984</b>	<b>\$ 37,082</b>	<b>\$ --</b>	<b>(710,221)</b>

**General Purpose Revenues:**

Taxes	596,012
State Sources	52,318
Investment Income	11,137
<b>Total General Revenues</b>	<b>659,467</b>
<b>Change in Net Position</b>	<b>(50,754)</b>
<i>Net Position at Beginning of Period</i>	2,226,119
<b>Net Position at End of Period</b>	<b>\$ 2,175,365</b>

**Township of Whitefish  
Balance Sheet  
Governmental Funds  
June 30, 2024**

	Special Revenue				Total Governmental Funds
	General	Ambulance Fund	Fire Fund	Library Fund (Nonmajor)	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 470,625	\$ 230,481	\$ 238,793	\$ 66,867	\$ 1,006,766
Receivables, net	--	13,102	--	221	13,323
Due from Other Governments	16,672	--	--	--	16,672
Prepaid Items	24,229	--	--	--	24,229
<i>Total Assets</i>	<b>\$ 511,526</b>	<b>\$ 243,583</b>	<b>\$ 238,793</b>	<b>\$ 67,088</b>	<b>\$ 1,060,990</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 44,422	\$ 2,477	\$ 825	\$ 1,002	\$ 48,726
Accrued Payroll and Related Liabilities	14,170	--	--	--	14,170
Unearned Revenue	3,196	--	--	--	3,196
<i>Total Liabilities</i>	61,788	2,477	825	1,002	66,092
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenues	--	6,389	--	--	6,389
<i>Total Liabilities and Deferred Inflows of Resources</i>	61,788	8,866	825	1,002	72,481
<b>FUND BALANCE</b>					
Nonspendable	24,229	--	--	--	24,229
Restricted	--	234,717	237,968	66,086	538,771
Assigned	201,345	--	--	--	201,345
Unassigned	224,164	--	--	--	224,164
<i>Total Fund Balance</i>	449,738	234,717	237,968	66,086	988,509
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	<b>\$ 511,526</b>	<b>\$ 243,583</b>	<b>\$ 238,793</b>	<b>\$ 67,088</b>	<b>\$ 1,060,990</b>

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

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

Total Fund Balance - Governmental Funds	\$	988,509
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, and interest expenditure is reported when due.		(438)
General government capital assets of \$2,698,273, net of accumulated depreciation of \$1,480,300, are not financial resources and, accordingly, are not reported in the funds.		1,217,973
Long-term liabilities, including the current portion of long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.		(37,068)
In the governmental fund balance sheet, unavailable revenues of \$6,389 are reported as a deferred inflow of resources because they are measurable but not yet available for use in the current period. In the statement of net position, these revenues are recognized as part of net position since the accrual basis of accounting records them when earned.		6,389
<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>2,175,365</u></b>

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

	Special Revenue				Total Governmental Funds
	General	Ambulance Fund	Fire Fund	Library Fund (Nonmajor)	
<b>Revenues</b>					
Taxes	\$ 304,327	\$ 157,385	\$ 89,937	\$ 44,363	\$ 596,012
Licenses and Permits	5,275	--	--	--	5,275
Federal Sources	--	33,242	--	--	33,242
State Sources	54,130	125	71	35	54,361
Local Sources	--	12,978	12,978	1,797	27,753
Charges for Services	37,210	63,119	--	1,249	101,578
Investment Income and Rentals	8,952	2,509	229	407	12,097
Other Revenue	15,564	10,100	--	3,162	28,826
<b>Total Revenues</b>	425,458	279,458	103,215	51,013	859,144
<b>Expenditures</b>					
General Government	404,192	--	--	--	404,192
Public Safety	823	--	37,734	--	38,557
Health and Welfare	--	230,448	--	--	230,448
Public Works	67,384	--	--	--	67,384
Community and Economic Development	16,468	--	--	--	16,468
Recreation and Culture	828	--	--	45,120	45,948
Debt Service, Principal	6,000	33,566	--	--	39,566
Debt Service, Interest	230	2,037	--	--	2,267
<b>Total Expenditures</b>	495,925	266,051	37,734	45,120	844,830
<b>Excess of Revenues Over (Under) Expenditures</b>	(70,467)	13,407	65,481	5,893	14,314
<b>Net Change in Fund Balance</b>	<b>(70,467)</b>	<b>13,407</b>	<b>65,481</b>	<b>5,893</b>	<b>14,314</b>
<i>Fund Balance at Beginning of Period</i>	520,205	221,310	172,487	60,193	974,195
<b>Fund Balance at End of Period</b>	<b>\$ 449,738</b>	<b>\$ 234,717</b>	<b>\$ 237,968</b>	<b>\$ 66,086</b>	<b>\$ 988,509</b>

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

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

Total Net Change in Fund Balances - Governmental Funds	\$	14,314
Repayment of long-term debt principal of \$39,566 is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position.		39,566
A decrease in accrued interest payable results in an increase in net position.		468
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their useful lives as depreciation. This is the depreciation amount of \$111,491 for the current year.		(111,491)
In the governmental fund financial statements, unavailable revenues of \$6,389 are deferred and do not contribute to the current period's change in fund balance under the modified accrual basis. In the statement of activities, these revenues are recognized as earned, increasing the change in net position under the accrual basis.		6,389
<b>Changes in Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>(50,754)</u></b>

**Township of Whitefish  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Fund  
June 30, 2024**

	<b>Custodial Fund - Tax Account</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,113
<i>Total Assets</i>	2,113
<b>LIABILITIES</b>	
Undistributed Receipts	2,113
<i>Total Liabilities</i>	\$ 2,113

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

	<b>Custodial Fund - Tax Account</b>
<b>ADDITIONS</b>	
Property Taxes Collected for Other Governments	\$ 2,676,493
<i>Total Additions</i>	<i>2,676,493</i>
<b>DEDUCTIONS</b>	
Property Taxes Disbursed to Other Governments	2,676,493
<i>Total Deductions</i>	<i>2,676,493</i>
<i>Change in Net Position</i>	<i>--</i>
<i>Net Position at Beginning of Period</i>	<i>--</i>
<i>Net Position at End of Period</i>	<i>\$ --</i>

## **Notes to the Financial Statements**

## Township of Whitefish

### Notes to the Financial Statements

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

The accounting policies of the Township of Whitefish (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the significant accounting policies used by the Township:

##### ***Financial Reporting Entity***

The Township of Whitefish is a general law Michigan township located in the eastern portion of Michigan's Upper Peninsula.

The Township operates under an elected Board of Trustees and provides services to its residents in many areas including general government, fire protection, community enrichment and development, and health services.

The Township, for financial purposes, includes all of the funds and account groups relevant to the operations of the Township.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity", these financial statements represent the Township for financial reporting purposes. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if component unit data were not included. Accordingly, there are no other governmental organizations required to be included in the financial statements of the Township.

##### ***Government and Fund Financial Statements***

The government financial statements (e.g., 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 are normally supported by taxes and intergovernmental revenues.

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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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

## Township of Whitefish

### Notes to the Financial Statements

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#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental funds:

The ***general fund*** is the Township'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 ***ambulance fund*** accounts for the Township millage revenue that is reserved for the operation of the Township ambulance.

The ***fire fund*** accounts for the Township millage revenue that is reserved for the operation of the Township's Fire Department.

In addition the Township reports the following governmental fund types:

***Special revenue funds*** are used to account for and report the proceeds of specific revenue sources that are restricted or assigned to expenditure for specific purposes other than debt service or capital projects.

***Custodial funds*** are custodial in nature and do not present results of operations or have a measurement focus. Custodial funds are accounted for using the accrual basis of accounting. These funds are used to account for asset that the government holds for others in a custodial capacity (such as taxes collected for other governments).

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

## Township of Whitefish

### Notes to the Financial Statements

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#### ***Budgetary Basis of Accounting***

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The general fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following July 1.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to the first day of the following fiscal year, the budget is legally enacted through passage of a resolution.
4. The legal level of budgetary control is at the activity level in the general fund and the functional level for all other funds.
5. Budget appropriations lapse at year-end.
6. Adoption and amendments of all budgets used by the Township are governed by Public Act 621, which was followed for the year ended June 30, 2024. Expenditures may not exceed appropriations. Any amendment to the original budget must meet the requirements of Public Act 621.

#### ***Assets, Liabilities, and Net Position***

##### ***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

## Township of Whitefish

### Notes to the Financial Statements

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270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.

- Repurchase agreements consisting of bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- Bankers' acceptances of United States banks.
- 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.
- Obligations described above if purchased through an inter local agreement under the Urban Cooperation Act of 1967.
- Investment pools organized under the Surplus Fund Investment Pool Act (Public Act 367 of 1982)

#### ***Receivables and Payables***

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

The Ambulance Fund receivables are shown net of an allowance for uncollectible accounts. It is composed of expected Medicaid and Medicare write-offs and accounts receivable in excess of 120 days. Management estimated \$29,524 of ambulance services receivable to be uncollectible as of year-end.

#### ***Prepaid Items***

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

#### ***Capital Assets***

Capital assets, which include property, buildings, improvements, and equipment, are recorded in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at 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.

## Township of Whitefish

### Notes to the Financial Statements

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Useful lives for the Township's capital assets are determined as follows:

	<u>Years</u>
Buildings and Improvements	10 - 40
Machinery and Equipment	3 - 25

#### ***Compensated Absences***

The Township provides no compensated absences for its employees.

#### ***Unearned Revenues***

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

#### ***Long-term Obligations***

In the government-wide financial statements, the long-term debt and other long-term obligations are reported as liabilities in the statement of net position. For new bond issuances, bond premiums and discounts, when applicable, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period that the bond is issued.

In the fund financial statements, governmental funds 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 uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### ***Deferred Inflows***

The Township reports one type of deferred inflow of resources in the governmental fund financial statements: unavailable revenues. Unavailable revenues represent amounts that are measurable but not available to finance expenditures of the current period and are reported as deferred inflows under the modified accrual basis of accounting. These amounts are recognized as revenues in the government-wide financial statements, which are prepared on the accrual basis of accounting, in the period they are earned.

#### ***Property Tax Revenue Recognition***

The Township property tax is levied on December 1 on the taxable valuation of property located in the Township as of the preceding December 31. The billings are due on or before March 1, after

## Township of Whitefish

### Notes to the Financial Statements

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which time the bill becomes delinquent and penalties and interest may be assessed by the Township. It is the Township's policy to recognize revenues in the current year when they are levied and made available for the financing of Township operations. The Township considers property taxes levied on December 1 to be revenues of the current period.

The Township levied 1.650 per \$1,000 of assessed valuation for general government service, 0.477 for Library operations, and 2.657 for fire and ambulance services for the year ended June 30, 2024. The total taxable value for the 2023 levy for property within the Township was \$83,882,410.

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

Sometimes, the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond, millage, 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 and proprietary 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 – net position to have been depleted before unrestricted – net position is applied.

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

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).

## Township of Whitefish

### Notes to the Financial Statements

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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 can 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 Board.

#### ***Interfund Transfers***

During the course of normal operations, the Township may have transactions between funds, including expenditures and transfers of resources to provide services. The financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by Township management.

#### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. 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 reporting period. Actual results could differ from those estimates.

#### ***Subsequent Events***

Subsequent events have been evaluated through December 20, 2024. Management is not aware of any events that would affect the June 30, 2024 financial statements.

**Township of Whitefish**

Notes to the Financial Statements

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

*Excess of Expenditures over Appropriations in Budgeted Funds*

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of Budgetary control is exercised at the activity level in the general fund and the function level in other funds.

The Township had the following expenditure categories in excess of the amount appropriated during the year ended June 30, 2024:

<u>General Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Township Board	\$ 9,920	\$ 44,900	\$ (34,980)
Accounting and Advisory	8,500	8,568	(68)
Treasurer	49,495	52,039	(2,544)
Clerk	35,989	37,989	(2,000)
Transfer Station	27,820	52,615	(24,795)
Debt Service, Principal	5,500	6,000	(500)

**NOTE 3 - DEPOSITS AND INVESTMENTS**

At year end, the Township's deposits were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Cash and Cash Equivalents	<u>\$ 1,006,766</u>	<u>\$ 2,113</u>	<u>\$ 1,008,879</u>
	Checking and Savings		\$ 222,445
	Money Market		786,434
	<b>Total</b>		<u>\$ 1,008,879</u>

The Township's deposits are located in two local financial institutions. Deposits are carried at cost.

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may 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, \$405,515 of the Township's bank balance of \$1,037,826 was exposed to credit risk because it was uninsured and uncollateralized.

Due to the dollar amounts of cash deposits and the limits of FDIC and NCUA insurance, the Township believes it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of

## Township of Whitefish

### Notes to the Financial Statements

each institution; only those institutions with an acceptable estimated risk level are used as depositories.

#### NOTE 4 - CAPITAL ASSETS

Capital asset activity for the primary government for the current year is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Capital Assets not Being Depreciated				
Land	\$ 42,000	\$ -	\$ -	\$ 42,000
Capital Assets Being Depreciated				
Buildings and Improvements	1,506,595	-	-	1,506,595
Machinery and Equipment	1,149,678	-	-	1,149,678
<i>Subtotal</i>	2,656,273	-	-	2,656,273
Less Accumulated Depreciation:				
Buildings and Improvements	705,091	38,872	-	743,963
Machinery and Equipment	663,718	72,619	-	736,337
<i>Subtotal</i>	1,368,809	111,491	-	1,480,300
Capital Assets being Depreciated, net	1,287,464	(111,491)	-	1,175,973
<b><i>Governmental Activities Capital Assets, net</i></b>	<b>\$ 1,329,464</b>	<b>\$ (111,491)</b>	<b>\$ -</b>	<b>\$ 1,217,973</b>

Depreciation expense was allocated to governmental activities as follows:

<b>Governmental Activities</b>	
General Government	\$ 11,089
Public Safety	38,678
Public Works	4,298
Health and Welfare	39,163
Recreation and Culture	18,263
<b><i>Total</i></b>	<b>\$ 111,491</b>

#### NOTE 5 - LONG-TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

**Township of Whitefish**

Notes to the Financial Statements

Changes in long-term debt during the year ending June 30, 2024 are summarized as follows:

	<u>Interest Rate</u>	<u>Maturity</u>	<u>Beginning Balance</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2009 General Obligation Limited Tax Bond maturing serially in annual payments of \$2,500 to \$8,000, payable in semi-annual installments.	4.125%	Aug 2024	\$ 8,500	\$ 6,000	\$ 2,500	\$ 2,500
2020 Capital Lease (Ambulance) interest and principal payable annually	2.990%	Nov 2024	68,134	33,566	34,568	34,568
<b>Total Long-term Debt</b>			<u>\$ 76,634</u>	<u>\$ 39,566</u>	<u>\$ 37,068</u>	<u>\$ 37,068</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	<u>\$ 37,068</u>	<u>\$ 1,137</u>	<u>\$ 38,205</u>

**NOTE 6 - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as workmen’s compensation benefits provided to employees. The Township participates in the Michigan Township Participating Plan for general liability, property loss, automobile, professional, public official errors and omissions liabilities. In addition, the Township has purchased commercial insurance for worker’s compensation benefits. Settled claims for the insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverages obtained through insurance during the past year.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final to Actual</u>
<b>Revenues</b>				
Taxes	\$ 279,518	\$ 279,518	\$ 304,327	\$ 24,809
Licenses and Permits	2,000	2,000	5,275	3,275
State Sources	52,500	52,500	54,130	1,630
Charges for Services	30,000	30,000	37,210	7,210
Investment Income and Rentals	3,000	3,000	8,952	5,952
Other Revenue	1,500	2,500	15,564	13,064
<b>Total Revenues</b>	<u>368,518</u>	<u>369,518</u>	<u>425,458</u>	<u>55,940</u>
<b>Expenditures</b>				
<b>General Government</b>				
Township Board	9,420	9,920	44,900	(34,980)
Township Operations	203,735	107,735	96,077	11,658
Supervisor	28,900	29,600	27,474	2,126
Accounting and Advisory	--	8,500	8,568	(68)
Treasurer	48,800	49,495	52,039	(2,544)
Clerk	45,750	35,989	37,989	(2,000)
Board of Review	2,454	2,454	1,119	1,335
Assessor	58,850	61,550	56,324	5,226
Elections	7,125	7,125	4,029	3,096
Building and Grounds	93,654	91,854	75,673	16,181
<b>Total General Government</b>	<u>498,688</u>	<u>404,222</u>	<u>404,192</u>	<u>30</u>
<b>Ordinance Enforcement (Public Safety)</b>	<u>2,090</u>	<u>2,090</u>	<u>823</u>	<u>1,267</u>
<b>Public Works</b>				
Cemetery	4,180	4,180	43	4,137
Roads, Bridge, Bike Path	20,500	20,500	14,726	5,774
Transfer Station	58,220	27,820	52,615	(24,795)
<b>Total Public Works</b>	<u>82,900</u>	<u>52,500</u>	<u>67,384</u>	<u>(14,884)</u>
<b>Community and Economic Development</b>				
Planning Commission	10,530	17,730	3,312	14,418
Zoning Administration	15,172	15,422	11,875	3,547
Zoning Board of Appeals	3,660	3,660	1,281	2,379
<b>Total Community and Economic Development</b>	<u>29,362</u>	<u>36,812</u>	<u>16,468</u>	<u>20,344</u>
<b>Parks and Recreation (Recreation and Culture)</b>	<u>3,855</u>	<u>3,855</u>	<u>828</u>	<u>3,027</u>
Debt Service, Principal	5,500	5,500	6,000	(500)
Debt Service, Interest	500	500	230	270
<b>Total Expenditures</b>	<u>622,895</u>	<u>505,479</u>	<u>495,925</u>	<u>9,554</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	(254,377)	(135,961)	(70,467)	65,494
<b>Net Change in Fund Balance</b>	<u>(254,377)</u>	<u>(135,961)</u>	<u>(70,467)</u>	<u>65,494</u>
<i>Fund Balance at Beginning of Period</i>	520,205	520,205	520,205	--
<b>Fund Balance at End of Period</b>	<u>\$ 265,828</u>	<u>\$ 384,244</u>	<u>\$ 449,738</u>	<u>\$ 65,494</u>

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

	<u>Budgeted Amounts</u>			<b>Variance</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Favorable (Unfavorable)</b>
				<u>Final to Actual</u>
<b>Revenues</b>				
Taxes	\$ 141,186	\$ 141,186	\$ 157,389	\$ 16,203
Federal Sources	--	32,387	33,242	855
State Sources	--	--	125	125
Local Sources	10,500	10,500	12,978	2,478
Charges for Services	40,000	40,000	63,119	23,119
Investment Income and Rentals	300	300	2,505	2,205
Other Revenue	--	--	10,100	10,100
<b>Total Revenues</b>	<u>191,986</u>	<u>224,373</u>	<u>279,458</u>	<u>55,085</u>
<b>Expenditures</b>				
Health and Welfare	196,850	247,845	230,448	17,397
Debt Service, Principal	--	33,568	33,566	2
Debt Service, Interest	--	2,037	2,037	--
<b>Total Expenditures</b>	<u>196,850</u>	<u>283,450</u>	<u>266,051</u>	<u>17,399</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<u>(4,864)</u>	<u>(59,077)</u>	<u>13,407</u>	<u>72,484</u>
<b>Net Change in Fund Balance</b>	<u>(4,864)</u>	<u>(59,077)</u>	<u>13,407</u>	<u>72,484</u>
<i>Fund Balance at Beginning of Period</i>	221,310	221,310	221,310	--
<b>Fund Balance at End of Period</b>	<u>\$ 216,446</u>	<u>\$ 162,233</u>	<u>\$ 234,717</u>	<u>\$ 72,484</u>

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

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final to Actual</u>
<b>Revenues</b>				
Taxes	\$ 101,286	\$ 101,286	\$ 89,937	\$ (11,349)
State Sources	--	--	71	71
Local Sources	10,500	10,500	12,978	2,478
Investment Income and Rentals	--	--	229	229
<b>Total Revenues</b>	<u>111,786</u>	<u>111,786</u>	<u>103,215</u>	<u>(8,571)</u>
<b>Expenditures</b>				
Public Safety	63,895	63,895	37,734	26,161
<b>Total Expenditures</b>	<u>63,895</u>	<u>63,895</u>	<u>37,734</u>	<u>26,161</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>47,891</u>	<u>47,891</u>	<u>65,481</u>	<u>17,590</u>
<b>Net Change in Fund Balance</b>	<u>47,891</u>	<u>47,891</u>	<u>65,481</u>	<u>17,590</u>
Fund Balance at Beginning of Period	172,487	172,487	172,487	--
<b>Fund Balance at End of Period</b>	<u>\$ 220,378</u>	<u>\$ 220,378</u>	<u>\$ 237,968</u>	<u>\$ 17,590</u>

December 20, 2024

To the Township Board  
Township of Whitefish  
Chippewa County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Whitefish, Michigan (the "Township") for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 2, 2024. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

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

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

- 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 key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

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. There were no such misstatements during the current year.

### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 20, 2024.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township'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 the management's discussion and analysis and the budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency

with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### *Communication Regarding Internal Control*

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of and for the year ended June 30, 2024, 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 a material weakness:

#### **2024-001 - Segregation of Incompatible Duties (repeat finding)**

##### **Finding Type. Material weakness in internal control**

**Criteria.** Management is responsible for establishing and maintaining internal controls in order to safeguard the assets of the Township. *A key element of internal control is the segregation of incompatible duties within the accounting function.*

**Condition.** The Township has accounting functions which are performed by the same individual and are not subject to a documented independent review and approval. These include various aspects of cash reconciliation, payroll, cash receipting, payables, and journal entry procedures.

**Cause.** This condition is a result of the limited size of the Township's accounting staff.

**Effect.** *As a result of this condition, the Township is exposed to an increased risk that misstatements (whether caused by error or fraud) may occur and not be prevented or detected and corrected by management on a timely basis.*

**Recommendation.** While there are, of course, no easy answers to the challenge of balancing the costs and benefits of internal controls and the segregation of incompatible duties, we would nevertheless encourage management to actively seek ways to further strengthen its internal control structure by requiring as much independent review, reconciliation, and approval of accounting functions by qualified members of management as possible.

**Management's Response.** The Township concurs with this finding. We have recently hired an external consultant, Plante Moran, to assist with various accounting activity. We expect this will help improve the accuracy of our accounting and mitigate some of the risks associated with a small office environment. Where possible, we will also require a second sign-off to demonstrate participation of additional people within the accounting and system of internal controls.

**Restriction on Use**

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

Very truly yours,

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

Gabridge & Company, PLC  
Grand Rapids, MI