

**Loud Township
Montmorency County, Michigan
Financial Report
With Supplemental Information
March 31, 2014**

Loud Township
Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	11
Statement of Revenues, Expenditures and Changes in Fund Balances	12
Fiduciary Funds:	
Statement of Net Position	13
Notes to Financial Statements	14-21
Required Supplemental Information	
Budgetary Comparison Schedule - General Fund	22
Budgetary Comparison Schedule - Fire Fund	23
Budgetary Comparison Schedule - Ambulance Fund	23
Other Supplemental Information	
General Fund - Detail of Revenues - Budget and Actual	24
General Fund - Detail of Expenditures - Budget and Actual	25-27
Statement of Changes in Assets and Liabilities - All Agency Funds	28



Robert J. Carpenter, CPA
Rodney C. Robertson, CPA

ROBERTSON & CARPENTER CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 308 • 109 E. Tenth St. • Mio, Michigan 48647

Phone (989) 826-5442 • Fax (989) 826-3038

Other office: Rose City, Michigan

INDEPENDENT AUDITOR'S REPORT

Township Board
Loud Township
Montmorency County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Loud Township as of and for the year ended March 31, 2014, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

Opinions

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 Loud Township as of March 31, 2014, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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 on pages 3 through page 8 and page 22 through 23 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Loud Township's basic financial statements. The statement of revenues, and statement of expenditures, and statement of changes in assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statement of revenues and statement of expenditures, and statement of changes in assets and liabilities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements of revenues and expenditures are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Robertson & Carpenter, CPAs, P.C.
Certified Public Accountants
September 26, 2014

Management's Discussion and Analysis

As management of Loud Township (the "Township"), 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, 2014.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$259,756 (*net position*). Of this amount, \$137,786 (*unrestricted net position*) may be used to meet the Township's ongoing obligations
- The Township's total net position decreased by \$6,764.
- As of the close of the current fiscal year, the Township's general fund, reported an ending fund balance of \$137,786, an increase of \$844 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$137,786 or 143% percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are 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) Notes to the financial statements. This report also contains other supplemental 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 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 in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the Government-wide financial statements present 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, and health and welfare. The Township does not have any business-type activities as of and for the year ended March 31, 2014.

The Government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 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 Township'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 three governmental funds. Information is presented 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.

The Township adopts an annual appropriated budget for its General Fund, Fire Fund, and Ambulance Fund. These funds merely collect property taxes levied for these services and remit the collected amounts to the Tri-Township Fire Department and the Tri-Township Ambulance Service. Budgetary comparison statements or schedules have been provided for the governmental funds herein to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 11-12 of this report.

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

The basic fiduciary fund financial statements can be found on page 13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-21 of this report.

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 its liabilities by \$259,756 at the close of the most recent fiscal year.

A portion of the Township's net position (47%) reflects its investment in capital assets (e.g., land, land improvements, buildings, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Township did not have any outstanding debt at March 31, 2014. The Township uses these capital assets to provide services to the community; consequently, these assets are *not* available for future spending.

Township's Net Position

Governmental Activities

	March 31, 2014	March 31, 2013
Assets		
Current and Other Assets	\$ 142,776	\$ 141,636
Capital Assets, Net	121,970	127,952
Total Assets	<u>264,746</u>	<u>269,588</u>
Liabilities		
Current Liabilities	4,990	4,693
Long Term Liabilities	-	-
Total Liabilities	<u>4,990</u>	<u>4,693</u>
Net Position		
Invested in Capital Assets	121,970	127,952
Unrestricted	<u>137,786</u>	<u>136,943</u>
Total Net Position	<u>\$ 259,756</u>	<u>\$ 264,895</u>

The Township's net position decreased by \$5,139 during the current fiscal year. Unrestricted net position—the part of net position that can be used to finance day to day operations, increased by \$843 or 1%, during the fiscal year ended March 31, 2014.

Township's Changes in Net Position

Governmental Activities

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Revenue		
Program Revenue		
Charges for Services	\$ 36,060	\$ 31,896
Operating Grants and Contributions	-	-
General Revenue:		
Property Taxes	64,777	56,965
State-Shared Revenues	33,322	35,056
Interest and Rent Earnings	2,306	2,548
Other	<u>787</u>	<u>2,973</u>
Total Revenue	<u>137,252</u>	<u>129,438</u>
Expenses		
General Government	65,557	67,617
Public Safety	21,542	19,094
Public Works	34,183	19,903
Health and Welfare	<u>22,734</u>	<u>20,305</u>
Total Expenses	<u>144,016</u>	<u>126,919</u>
Increase (Decrease) in Net Position	(6,764)	2,519
Net Position, Beginning of Year	<u>266,520</u>	<u>262,346</u>
Net Position, End of Year	<u>\$ 259,756</u>	<u>\$ 264,865</u>

Governmental activities. The Township's total governmental revenues increased by \$7,814 from last fiscal year. This was primarily attributed to additional revenue from Property Taxes and Charges for Services and less State Shared Revenue. Expenses increased by \$17,097 mostly in Public Works.

Financial Analysis of the Government's Funds

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

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$137,786, an increase of \$844 in comparison with the prior year. The *unassigned fund balance*, which is available for spending at the Township's discretion, constitutes 100% of this total amount or \$137,786.

The primary governmental fund is the General Fund of the Township. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 143% and total fund balance represents 143% of total general fund expenditures.

The fund balance of the General Fund increased by \$844 during the current fiscal year.

The Fire Fund levied 1.0000 mills of property tax for the year ending March 31, 2014. The property tax generated \$19,887, all of which was paid to Tri-Township Fire Department to provide fire protection services to the citizens of the Township.

The Ambulance Fund levied 1.0000 mills of property tax for the year ending March 31, 2014. The property tax generated \$19,887, all of which was paid to Tri-Township Ambulance Service to provide ambulance services to the citizens of the Township.

Governmental Funds Budgetary Highlights

The Township's budgets are prepared in accordance with Michigan Law. The budgeted funds are the General, Fire and Ambulance Funds. The General Fund budget was amended during the year. A budget was not prepared for the Fire and Ambulance Funds.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of March 31, 2014, amounted to \$121,970 (net of accumulated depreciation). Investment in capital assets includes land, land improvements, buildings, equipment, and infrastructure. Additions totaled \$1,625 for the fiscal year, with the only item being a computer software.

Township's Capital Assets (net of depreciation)

	March 31 2014	March 31 2013
Land	\$ 11,131	\$ 11,131
Land Improvements	3,495	3,974
Buildings	53,299	55,943
Equipment	11,483	11,013
Infrastructure	42,562	45,892
Total	\$ 121,970	\$ 127,953

Additional information on the Township's capital assets can be found in note 5 on page 19 of this report.

Factors Bearing on the Township's Future

The following factors were considered in preparing the Township's budget for the 2014-2015 fiscal year:

- The Township has budgeted a slight decrease in revenues from property taxes. The total expenses are estimated to decrease from the 2013-2014 year as it does not include a road project. The estimated surplus for the 2014-2015 year is \$10,260. Our budget was prepared with these factors in mind and will need to be revised as needed.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Loud Township
3910 M-33
Atlanta, Michigan 49709

Basic Financial Statements

Loud Township
Statement of Net Position
March 31, 2014

	Governmental Activities
Assets	
Cash and cash equivalents (Note 3)	\$ 102,933
Investments - certificates of deposit (Note 3)	31,073
Receivables: (Note 4)	
Other	-
Intergovernmental	8,351
Due from Fiduciary Fund	419
Capital assets-net (Note 5)	<u>121,970</u>
 Total assets	 <u>264,746</u>
 Liabilities	
Current Liabilities:	
Accounts payable	1,742
Due to other governments	<u>3,248</u>
 Total liabilities	 <u>4,990</u>
 Net Position	
Invested in capital assets	121,970
Unrestricted	<u>137,786</u>
 Total net position	 \$ <u><u>259,756</u></u>

See accompanying notes which are an integral part of the financial statements

Loud Township
Statement of Activities
Year Ended March 31, 2014

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities				
General government	\$ 63,932	\$ 5,100	\$ -	\$ (58,832)
Public safety	21,542	-	-	(21,542)
Public works	34,183	30,960	-	(3,223)
Health and welfare	22,734	-	-	(22,734)
Total governmental activities	<u>\$ 142,391</u>	<u>\$ 36,060</u>	<u>\$ -</u>	<u>(106,331)</u>
General Revenues:				
Property taxes - operating				25,003
Property taxes - fire				19,887
Property taxes - ambulance				19,887
State-shared revenues				33,322
Interest and investment earnings				2,306
Other				<u>787</u>
Total general revenues				<u>101,192</u>
Change in Net Position				<u>(5,139)</u>
Net position - beginning of year				<u>264,895</u>
Net position - end of year				<u><u>\$ 259,756</u></u>

Amounts reported for governmental activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$	844
Government funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation.		
Depreciation expense	\$	(7,608)
Capital outlay		<u>1,625</u>
		<u>(5,983)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(5,139)</u></u>

See accompanying notes which are an integral part of the financial statements

Loud Township
Governmental Funds
Balance Sheet
March 31, 2014

	General Fund	Fire Fund	Ambulance Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 102,933	\$ -	\$ -	\$ 102,933
Certificates of deposit	31,073	-	-	31,073
Accounts receivable	-	-	-	-
Due from other funds	419	-	-	419
Due from other governmental units	5,103	1,624	1,624	8,351
Total assets	<u>\$ 139,528</u>	<u>\$ 1,624</u>	<u>\$ 1,624</u>	<u>\$ 142,776</u>
Liabilities				
Accounts payable	\$ 1,742	\$ -	\$ -	\$ 1,742
Due to other funds	-	-	-	-
Due to other governments	-	1,624	1,624	3,248
Total liabilities	<u>1,742</u>	<u>1,624</u>	<u>1,624</u>	<u>4,990</u>
Fund balances				
Unassigned - General Fund	137,786	-	-	137,786
Total fund balances	<u>137,786</u>	<u>-</u>	<u>-</u>	<u>137,786</u>
Total liabilities and fund balances	<u>\$ 139,528</u>	<u>\$ 1,624</u>	<u>\$ 1,624</u>	<u>\$ 142,776</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Fund Balances - Total Governmental Funds	\$ 137,786
Elimination of due to and due from governmental funds	
Due to	-
Due from	-
Capital assets used in governmental activities are not financial financial resources, and are not reported in the funds.	
The cost of capital assets is	262,498
Accumulated depreciation is	(140,528)
Net Position of Governmental Activities	<u>\$ 259,756</u>

See accompanying notes which are an integral part of the financial statements

Loud Township
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended March 31, 2014

	General Fund	Fire Fund	Ambulance Fund	Total Governmental Funds
Revenues				
Taxes and fees	\$ 25,003	\$ 19,887	\$ 19,887	\$ 64,777
Licenses and permits	-	-	-	-
State grants	33,322	-	-	33,322
Charges for services	36,060	-	-	36,060
Interest and rentals	2,306	-	-	2,306
Other revenue	787	-	-	787
Total revenues	<u>97,478</u>	<u>19,887</u>	<u>19,887</u>	<u>137,252</u>
Expenditures				
Current:				
General government	59,654	-	-	59,654
Public safety	1,655	19,887	-	21,542
Public works	30,853	-	-	30,853
Health and welfare	2,847	-	19,887	22,734
Capital outlay	1,625	-	-	1,625
Total expenditures	<u>96,634</u>	<u>19,887</u>	<u>19,887</u>	<u>136,408</u>
Excess of Revenues Over (Under) Expenditures	844	-	-	844
Fund balance - April 1, 2013	<u>136,942</u>	<u>-</u>	<u>-</u>	<u>136,942</u>
Fund balance - March 31, 2014	<u>\$ 137,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,786</u>

See accompanying notes which are an integral part of the financial statements

Loud Township
Fiduciary Funds
Statement of Net Position
March 31, 2014

	Agency Fund Type (Property Tax Collection Fund)
Assets	
Cash	\$ 419
Due from other funds	<u>-</u>
Total assets	<u>\$ 419</u>
 Liabilities	
Due to other funds	\$ 419
Due to other governments	<u>-</u>
Total liabilities	<u>419</u>
 Net Position	 <u><u>\$ -</u></u>

See accompanying notes which are an integral part of the financial statements

Loud Township
Notes to Financial Statements
March 31, 2014

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

The Township is governed by an elected five member Township Board. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application criteria, the Township does not contain any component units.

Government-wide and Fund Financial Statements

The Government-side financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the Township. 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. All the Township's government-wide activities are considered governmental activities. The Township does not have any business-type activities.

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. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a certain function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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-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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

Government 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 Township 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, as well as expenditures related to compensated absences and severance pay,

Loud Township
Notes to Financial Statements
March 31, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

Property taxes, state-shared revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the cash is received by the Township.

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 Township, except those required to be accounted for in another fund.

The Fire Fund is used to record property tax revenue and record payments of the property tax revenue to the fire department joint venture.

The Ambulance Fund is used to record property tax revenue and record payments of the property tax revenue to the ambulance joint venture.

Additionally, the Township reports the following funds:

The Tax Collection Fund accounts for property taxes collected and disbursed to other taxing authorities by the Township as required by law.

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

Amounts reported as program revenue include: (1) charges to customers for goods, services or privileges provided and (2) operating grants and contributions. General revenue includes all taxes.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

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

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The taxpayers of the Township have their properties assessed as of December 31 and the related property taxes are levied and become a lien on December 1 for 100% of the taxes which are due February 28. The 2013 taxable value of the Township was \$19,884,870. The 2013 tax levy was .8605 mills for general operating purposes raising \$18,058 for general operating purposes and 1.0000 mills for fire protection raising \$19,884 for fire protection purposes, and 1.0000 mills for ambulance services raising 19.884 for ambulance services.

Loud Township
Notes to Financial Statements
March 31, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., amounts paid to the Road Commission for the intangible right to use the roads), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation. Infrastructure assets acquired prior to implementation of GASB 34 are not included in the financial statements.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Infrastructure	20 years
Land Improvements	20 years
Buildings and additions	20-50 years
Equipment	5-20 years

Estimates - The presentation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences - There is no liability for compensated absences reported in the government-wide financial statements since no township employees are provided with sick or vacation pay benefits.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township does not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (receipts) until that time. The Township does not have any deferred inflows of resources.

Fund Balance - Government 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 require to be maintained intact. *Restricted* fund balance is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. As applicable, *committed* fund balance is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Township Board.

Loud Township
Notes to Financial Statements
March 31, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

The Township reports *assigned fund balance* for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. *Unassigned fund balance* is the residual classification for the general fund.

When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township's policy to use restricted fund balance first, then committed fund balance, and finally unassigned fund balance.

Comparative Data/Reclassifications - Comparative data is not included in the Township's financial statements.

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted account principles and state laws for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township adopt its budgets by April 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits Townships to amend its budget during the year.

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until the receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances are reappropriated in the next year.

Note 2 - Stewardship, Compliance and Accountability

Excess of expenditures over appropriations in budgeted funds:

The Township incurred expenditures in excess of amounts budgeted as follows:

<u>Fund and Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
General Fund:			
General government:			
Attorney	\$ 1,000	\$ 1,485	\$ 485
Treasurer	8,733	9,382	649
Unallocated	3,800	3,970	170
Fire Fund:			
Public Safety	18,000	19,887	1,887
Ambulance Fund			
Health and Welfare	18,000	19,887	1,887

Loud Township
Notes to Financial Statements
March 31, 2014

Note 3 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 authorizes the Township to make deposits and investments in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Township is also allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in accordance with State statutory authority as listed above.

Loud Township's deposits and investment policy are in accordance with statutory authority.

Loud Township has not updated its investment policy to conform to GASB #40.

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

	Governmental Activities	Fiduciary Funds	Township Total
Cash and cash equivalents	\$ 102,933	\$ 419	\$ 103,352
Investments - certificates of deposit	31,073	-	31,073
Total	<u>\$ 134,006</u>	<u>\$ 419</u>	<u>\$ 134,425</u>

The breakdown between deposits and investments for the Township is as follows:

Deposits (checking, savings and CDs)	\$ 103,352
Investments - certificates of deposit	31,073
	<u>\$ 134,425</u>

The deposits of the Township in the amount of \$134,737 were reflected in the accounts of one financial institution of which \$134,737 is covered by federal depository insurance. Book balances for the accounts are shown above.

Note 4 - Receivables

Receivables as of year-end for the Township's major funds and fiduciary funds in the aggregate, including applicable allowances of uncollectible accounts, are as follows:

	General Fund	Fire Fund	Ambulance Fund	Tax Coll. Fund	Total
Receivables:					
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,103	1,624	1,624	-	8,351
	<u>\$ 5,103</u>	<u>\$ 1,624</u>	<u>\$ 1,624</u>	<u>\$ -</u>	<u>\$ 8,351</u>

Loud Township
Notes to Financial Statements
March 31, 2014

Note 5 - Capital Assets

Capital assets activity of the Township's Governmental activities were as follows:

	Balance April 1, 2013	Additions	Deletions	Balance March 31, 2014
Capital assets not being depreciated:				
Land	\$ 11,131	\$ -	\$ -	\$ 11,131
Capital assets being depreciated:				
Land improvements	14,526	-	-	14,526
Buildings	150,778	-	-	150,778
Equipment	17,831	1,625	-	19,456
Infrastructure - roads	66,607	-	-	66,607
Subtotal	<u>249,742</u>	<u>1,625</u>	<u>-</u>	<u>251,367</u>
Accumulated Depreciation				
Land improvements	10,552	479	-	11,031
Buildings	94,835	2,644	-	97,479
Equipment	6,818	1,155	-	7,973
Infrastructure - roads	20,715	3,330	-	24,045
Subtotal	<u>132,920</u>	<u>7,608</u>	<u>-</u>	<u>140,528</u>
Net capital assets being depreciated	<u>116,822</u>	<u>(5,983)</u>	<u>-</u>	<u>110,839</u>
Governmental Activities				
Total Capital Assets net of Depreciation	<u>\$ 127,953</u>	<u>\$ (5,983)</u>	<u>\$ -</u>	<u>\$ 121,970</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 4,278
Public works	3,330
Total governmental activities	<u>\$ 7,608</u>

Note 6 - Receivables, Payables and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
General	\$ 419	Fiduciary	\$ 419
Total	<u>\$ 419</u>	Total	<u>\$ 419</u>
<u>Transfers In</u>		<u>Transfers Out</u>	
None		None	

Loud Township
Notes to Financial Statements
March 31, 2014

Note 7 - Risk Management

Loud Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent insurance companies. Settled claims from these risks have not exceeded insurance coverage for the last three years.

Note 8 - Pension Plan

Loud Township provides pension benefits for all elected members of the Township Board through a defined contribution plan. The plan's assets are invested through Nationwide Insurance Company. The retirement benefits in a defined contribution plan depend solely on amounts contributed to the plan plus investment earnings. The Township is required to contribute 5% of the employee's earnings. The plan allows employees to make voluntary contributions. All contributions are vested upon payment to the plan and are invested in individual accounts in the name of the employee.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

The Township's total payroll for the year ended March 31, 2014 was approximately \$28,885. The Township's contribution 5% to the plan was computed on eligible wages of \$21,210. The Township deposited the required amount of \$1,061.

The plan held no securities of the Township or other related parties during year or at the close of the fiscal year.

Note 9- Joint Venture - Fire Protection

Loud Township is a participant in an interlocal agreement with Avery Township and Briley Township to provide fire protection services to the residents of the townships. The Tri-Township Fire Department's board totals six members, one member from each Township board and one resident from each township.

Loud Township's equity interest is determined by the ratio of the township's Taxable valuation to the total Taxable valuation of interlocal agreement. The percentage as of December 31, 2013 was approximately 15%.

The audit of the Tri-Township Fire Department for the year ended December 31, 2013 shows the following financial information: Cash and investments \$187,599, capital assets (net of depreciation) \$585,500, liabilities \$-0-, and net assets \$773,099. A complete set of audited financial statements are available at the office of Tri-Township Fire Department, 17300 Campbell Road, Comins, Michigan.

Loud Township
Notes to Financial Statements
March 31, 2014

Note 10- Joint Venture - Ambulance Service

Loud Township is a participant in an interlocal agreement with Avery Township, Briley Township, and Vienna Township to provide ambulance services to the residents of the townships. The Tri-Township Ambulance Service board totals eight members, one member from each Township Board and one resident from each township.

Loud Township's equity interest is determined by the ratio of the township's Taxable valuation to the total Taxable valuation of the interlocal agreement. The percentage as of December 31, 2012 was approximately 15%.

The audit of the Tri-Township Ambulance Service for the year ended December 31, 2012 shows the following financial information: Cash and cash equivalents \$2,488,336, accounts receivable \$568,828, capital assets (net of depreciation) \$1,737,364, liabilities \$-0-, and net assets \$4,794,528. A complete set of audited financial statements is available at the office of the Tri-Township Ambulance Service 11413 Parland Street, Atlanta, Michigan.

Required Supplemental Information

Loud Township
Budgetary Comparison Schedule - General Fund
Year Ended March 31, 2014

	Budgeted Amounts		Actual	Variance with
	3/31/14	3/31/14	Amounts	Final Budget
	Original	Final	Budgetary	Over (Under)
			Basis	
Revenues:				
Taxes and fees	\$ 23,400	\$ 23,400	\$ 25,003	\$ 1,603
Licenses and permits	-	-	-	-
State grants	29,958	29,958	33,322	3,364
Charges for services	32,155	32,155	36,060	3,905
Interest and rentals	2,300	2,300	2,306	6
Other	500	500	787	287
Total Revenues	<u>88,313</u>	<u>88,313</u>	<u>97,478</u>	<u>9,165</u>
Expenditures:				
General government	65,165	65,165	59,654	(5,511)
Public safety	1,700	1,700	1,655	(45)
Public works	2,000	32,000	30,853	(1,147)
Health and welfare	4,100	4,100	2,847	(1,253)
Capital outlay	-	-	1,625	1,625
Total Expenditures	<u>72,965</u>	<u>102,965</u>	<u>96,634</u>	<u>(6,331)</u>
Excess of Revenues over (under) Expenditures	15,348	(14,652)	844	15,496
Fund Balance - Beginning of year	<u>124,804</u>	<u>124,804</u>	<u>136,942</u>	<u>12,138</u>
Fund Balance - end of year	<u>\$ 140,152</u>	<u>\$ 110,152</u>	<u>\$ 137,786</u>	<u>\$ 27,634</u>

Loud Township
Budgetary Comparison Schedule - Fire Fund
Year Ended March 31, 2014

	Budgeted Amounts		Actual	Variance with
	3/31/14	3/31/14	Amounts	Final Budget
	Original	Final	Budgetary	Over (Under)
			Basis	
Revenues:				
Taxes and fees	\$ 18,000	\$ 18,000	\$ 19,887	\$ 1,887
Other	-	-	-	-
Total Revenues	<u>18,000</u>	<u>18,000</u>	<u>19,887</u>	<u>1,887</u>
Expenditures:				
Public safety	18,000	18,000	19,887	1,887
Capital outlay	-	-	-	-
Total Expenditures	<u>18,000</u>	<u>18,000</u>	<u>19,887</u>	<u>1,887</u>
Excess of Revenues over				
(under) expenditures	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Loud Township
Budgetary Comparison Schedule - Ambulance Fund
Year Ended March 31, 2014

	Budgeted Amounts		Actual	Variance with
	3/31/14	3/31/14	Amounts	Final Budget
	Original	Final	Budgetary	Over (Under)
			Basis	
Fund Balance - Beginning of year	\$ -	\$ -	\$ -	\$ -
Revenues:				
Taxes and fees	18,000	18,000	19,887	1,887
Other	-	-	-	-
Total Revenues	<u>18,000</u>	<u>18,000</u>	<u>19,887</u>	<u>1,887</u>
Expenditures:				
Health and welfare	18,000	18,000	19,887	1,887
Capital outlay	-	-	-	-
Total Expenditures	<u>18,000</u>	<u>18,000</u>	<u>19,887</u>	<u>1,887</u>
Excess of Revenues over				
(under) expenditures	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Supplemental Information

Loud Township
General Fund
Detail of Revenues - Budget and Actual
Year Ended March 31, 2014

	Budget As Amended	Actual	Variance Favorable (Unfavorable)
TAXES:			
Property taxes	\$	\$ 18,079	\$
Property tax administration fee		6,924	
Total Taxes	<u>23,400</u>	<u>25,003</u>	<u>1,603</u>
LICENSES AND PERMITS:			
Zoning permits	<u>-</u>	<u>-</u>	<u>-</u>
STATE GRANTS:			
Swampland tax		9,930	
State revenue sharing		21,666	
Metro Act		1,346	
Bankhead Jones		380	
Total State Grants	<u>29,958</u>	<u>33,322</u>	<u>3,364</u>
CHARGES FOR SERVICES:			
Summer tax collection		1,480	
Land division fees		75	
Landfill impact fees		30,960	
Grave openings		100	
Grave lots		3,225	
Other sales		220	
Total Charges for Services	<u>32,155</u>	<u>36,060</u>	<u>3,905</u>
INTEREST AND RENTALS:			
Interest		706	
Rents and royalties		-	
Emergency vehicle garage rent		1,500	
Townhall rent		100	
Total Interest and Rental	<u>2,300</u>	<u>2,306</u>	<u>6</u>
OTHER REVENUE			
Reimbursements		787	
Other		-	
Total Other Revenue	<u>500</u>	<u>787</u>	<u>287</u>
TOTAL REVENUES	\$ <u>88,313</u>	\$ <u>97,478</u>	\$ <u>9,165</u>

Loud Township
General Fund
Detail of Expenditures - Budget & Actual
Year Ended March 31, 2014

	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL GOVERNMENT:			
Townboard:			
Trustee - wages	\$	\$ 2,076	\$
Landfill representative - wages		735	
Per diem - wages		105	
FICA and medicare		2,083	
Retirement		1,250	
Supplies		1,446	
Contracted services		3,016	
MTA services		559	
Mileage		177	
Printing & publishing		14	
Miscellaneous		125	
Total Townboard	<u>11,276</u>	<u>11,586</u>	<u>(310)</u>
Supervisor:			
Salary		6,378	
Per diem		70	
Mileage		29	
Miscellaneous		-	
Total Supervisor	<u>6,728</u>	<u>6,477</u>	<u>251</u>
Elections:			
Wages		-	
Supplies		133	
Mileage		-	
Printing		-	
Miscellaneous		-	
Total Elections	<u>2,977</u>	<u>133</u>	<u>2,844</u>
Assessor:			
Contracted services		5,053	
Supplies		397	
Mileage		12	
Miscellaneous		29	
Total Assessor	<u>7,753</u>	<u>5,491</u>	<u>2,262</u>
Attorney:	<u>1,000</u>	<u>1,485</u>	<u>(485)</u>

Loud Township
General Fund
Detail of Expenditures - Budget & Actual
Year Ended March 31, 2014

	Budget As Amended	Actual	Variance Favorable (Unfavorable)
Clerk:			
Salary	\$	\$ 6,378	\$
Deputy wages		343	
Per diem - wages		35	
Supplies		-	
MTA services		140	
Mileage		72	
Total Clerk	<u>7,123</u>	<u>6,968</u>	<u>155</u>
Equalization:			
Contracted service	<u>100</u>	<u>-</u>	<u>100</u>
Board of Review			
Wages		650	
Mileage		35	
Printing		628	
Supplies		391	
Miscellaneous		27	
Total Board of Review	<u>1,955</u>	<u>1,731</u>	<u>224</u>
Treasurer:			
Salary		6,378	
Deputy wage		-	
Per diem - wages		70	
Supplies		1,439	
Contracts		638	
Mileage		857	
Total Treasurer	<u>8,733</u>	<u>9,382</u>	<u>(649)</u>
Townhall:			
Supplies		26	
Telephone		657	
Heat		3,593	
Hall lights		867	
Security lights		351	
Maintenance		2,128	
Lawn		740	
Snow removal		1,725	
Building expense		-	
Total Townhall	<u>10,770</u>	<u>10,087</u>	<u>683</u>
Cemetery:			
Maintenance		504	
Lawn		1,840	
Grave openings		-	
Total Cemetery	<u>2,950</u>	<u>2,344</u>	<u>606</u>

Loud Township
General Fund
Detail of Expenditures - Budget & Actual
Year Ended March 31, 2014

	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Unallocated:			
Miscellaneous	\$	\$ -	\$
Insurance		3,970	
MTA Chapter		-	
Total Unallocated	<u>3,800</u>	<u>3,970</u>	<u>(170)</u>
 TOTAL GENERAL GOVERNMENT	 <u>65,165</u>	 <u>59,654</u>	 <u>5,511</u>
 PUBLIC SAFETY:			
Fire Board:			
Wages		1,155	
Mileage		500	
Total Public Safety	<u>1,700</u>	<u>1,655</u>	<u>45</u>
 PUBLIC WORKS:			
Roads	<u>32,000</u>	<u>30,853</u>	<u>1,147</u>
 HEALTH AND WELFARE:			
Ambulance Board:			
Wages		915	
Mileage		1,932	
Total Health and Welfare	<u>4,100</u>	<u>2,847</u>	<u>1,253</u>
 CAPITAL OUTLAY			
Townboard - equipment		1,625	
Total Capital Outlay	<u>-</u>	<u>1,625</u>	<u>(1,625)</u>
 TOTAL EXPENDITURES	 <u>\$ 102,965</u>	 <u>\$ 96,634</u>	 <u>\$ 6,331</u>

Loud Township
Statement of Changes in Assets and Liabilities
All Agency Funds
March 31, 2014

Current Tax Collection Fund				
	Balance April 1, 2013	Additions	Deductions	Balance March 31, 2014
Assets				
Cash	\$ <u>326</u>	\$ <u>664,444</u>	\$ <u>664,351</u>	\$ <u>419</u>
Liabilities				
Due to other funds	\$ 326	\$ 64,541	\$ 64,448	\$ 419
Due to county	-	262,835	262,835	-
Due to schools	-	336,813	336,813	-
Refunds	<u>-</u>	<u>255</u>	<u>255</u>	<u>-</u>
Total liabilities	\$ <u>326</u>	\$ <u>664,444</u>	\$ <u>664,351</u>	\$ <u>419</u>



Robert J. Carpenter, CPA
Rodney C. Robertson, CPA

ROBERTSON & CARPENTER CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 308 • 109 E. Tenth St. • Mio, Michigan 48647

Phone (989) 826-5442 • Fax (989) 826-3038

Other office: Rose City, Michigan

September 26, 2014

Township Board
Loud Township
Montmorency County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Loud Township as of and for the year ended March 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Loud Township's internal control over financial reporting as a basis for designing our auditing procedures 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 a governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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 misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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

Lack of adequate controls to produce full-disclosure GAAP basis financial statements.

Requirement: All Michigan governmental units are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is

a responsibility of the Township's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting government-wide and fund financial statements, including the related footnotes.

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

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

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

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

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

Robertson & Carpenter CPA's, P.C.
Certified Public Accountants
Mio, Michigan



Robert J. Carpenter, CPA
Rodney C. Robertson, CPA

ROBERTSON & CARPENTER CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 308 • 109 E. Tenth St. • Mio, Michigan 48647

Phone (989) 826-5442 • Fax (989) 826-3038

Other office: Rose City, Michigan

September 26, 2014

To the Loud Township Board
Loud Township
Atlanta, Michigan

We have audited the financial statements of the governmental activities and each major fund of Loud Township for the year ended March 31, 2014, and have issued our report thereon dated September 26, 2014. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 16, 2014, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on September 16, 2014.

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 Loud Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 financial statements was:

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

The disclosures in the financial statements 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 trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the 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 September 26, 2014.

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.

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

Very truly yours,

Robertson & Carpenter CPAs, PC
Certified Public Accountants