

**TOWNSHIP OF MILLBROOK
MECOSTA COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS**

Fiscal Year Ended March 31, 2014

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Barry E. Gaudette, CPA, PC
731 S. Garfield Avenue
Traverse City, Michigan 49686

Independent Auditor's Report

Members of the Township Board
Township of Millbrook
Mecosta County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and the aggregate remaining fund information, as well as each fiduciary fund types of the Township of Millbrook, Michigan, as of and for the year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise the Township of Millbrook, Michigan's basic financial statements as listed in the table of contents. We also have audited each fiduciary fund type of Township of Millbrook, Michigan, as of and for the year ended March 31, 2014, as displayed in the Township's basic financial statements.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves 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 the 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 such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Responsibility (Continued)

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

Opinion

Since it was not practical to extend my auditing procedures into the prior unaudited year, I am unable to express an opinion on the consistency of application of accounting principles with the preceding year.

In our opinion, except for the omission of the information mentioned in the preceding paragraph, 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, as well as each fiduciary fund type of the Township of Millbrook, Michigan, as of March 31, 2014, and the respective changes in financial position, thereof for the year then ended in accordance 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 budgetary comparison information on page 18, 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.

Management has omitted the Management Discussion and Analysis, that accounting principles generally accepted in the United States of America is required to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Barry E. Gaudette, CPA, PC

August 18, 2014

TOWNSHIP OF MILLBROOK
GOVERNMENT WIDE STATEMENT OF NET POSITION
March 31, 2014

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and equivalents	\$ 150,462
Investments	90,000
Taxes receivables	3,639
Due from other funds	143,147
Prepaid insurance	2,027
TOTAL CURRENT ASSETS	389,275
NON-CURRENT ASSETS	
Property and equipment, net of depreciation	43,056
TOTAL ASSETS	432,331
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	261
Accrued payroll taxes payable	91
TOTAL LIABILITIES	352
NET POSITION	
Net investment in capital assets	43,056
Nonspendable for:	
Prepaid insurance	2,027
Unassigned	386,896
TOTAL NET POSITION	\$ 431,979

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

TOWNSHIP OF MILLBROOK
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Governmental Activities:					
Legislative	\$ 13,773	\$ 0	\$ 0	\$ 0	\$ (13,773)
General government	49,562	1,500	2,705	0	(45,357)
Public works	4,553	0	0	3,240	(1,313)
TOTAL	\$ 67,888	\$ 1,500	\$ 2,705	\$ 3,240	(60,443)
GENERAL REVENUES					
					43,761
					82,740
					275
					942
					1,493
					<u>129,211</u>
					68,768
					363,211
					<u>\$ 431,979</u>

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

TOWNSHIP OF MILLBROOK
GOVERNMENTAL FUND
BALANCE SHEET
March 31, 2014

	General
ASSETS	
Cash and equivalents	\$ 150,462
Investments	90,000
Taxes receivable	3,639
Due from other funds	143,147
Prepaid insurance	2,027
TOTAL ASSETS	\$ 389,275
LIABILITIES	
Accounts payable	\$ 261
Accrued payroll taxes payable	91
TOTAL LIABILITIES	352
FUND BALANCE	
Nonspendable for:	
Prepaid insurance	2,027
Unassigned	386,896
TOTAL FUND BALANCE	388,923
TOTAL LIABILITIES AND FUND BALANCE	\$ 389,275

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

TOWNSHIP OF MILLBROOK
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
March 31, 2014

Total fund balance – total governmental funds	\$ 388,923
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds net of related depreciation	43,056
	<hr/>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 431,979</u>

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

TOWNSHIP OF MILLBROOK
GOVERNMENTAL FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year ended March 31, 2014

	General
REVENUE	
Property taxes & related fees	\$ 43,761
State shared revenues and grants	85,980
Charges for services	4,205
Interest and rentals	1,217
Other:	
All other refunds and rebates	1,493
	136,656
 EXPENDITURES	
Legislative	13,773
General government	48,762
Public works	4,553
	67,088
 EXCESS OF REVENUES OVER (OVER) EXPENDITURES	
	69,568
Fund balance – beginning	319,355
	319,355
Fund balance – ending	\$ 388,923
	388,923

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

TOWNSHIP OF MILLBROOK
**RECONCILIATION OF STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES**
Year ended March 31, 2014

Net change in fund balance – total governmental funds	\$ 69,568
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures, in the Statement of Activities these costs are allocated over their estimated useful life and reported as depreciation	(800)
	<hr/>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (68,768)</u>

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

TOWNSHIP OF MILLBROOK
STATEMENT OF NET POSITION
FIDUCIARY FUND
March 31, 2014

	Pension Plan Trust Fund	Cemetery Perpetual Care Fund	Tax Collection Fund
ASSETS			
Cash and cash equivalents	\$ 1,214	\$ 5,500	\$ 143,774
Total assets	1,214	5,500	143,774
LIABILITIES			
Due to other funds	0	0	143,147
Due to other governmental units	0	0	627
Total liabilities	0	0	143,774
NET POSITION			
Held in trust for other purposes	\$ 1,214	\$ 5,500	\$ 0

The Notes to Financial Statements are an integral part of this Statement.

TOWNSHIP OF MILLBROOK
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
March 31, 2014

	Pension Plan Trust Fund	Cemetery Perpetual Care Fund	Tax Collection Fund
ADDITIONS			
Property tax collections and fees	\$ 0	\$ 0	\$ 992,233
Contributions	1,422	0	0
Interest earnings	1	0	77
	<hr/>	<hr/>	<hr/>
Total additions	1,423	0	992,310
DEDUCTIONS			
Payments to general fund	0	0	43,761
Payments to other governmental units	0	0	948,549
Payments to pension	1,314	0	0
	<hr/>	<hr/>	<hr/>
Total deductions	1,314	0	992,310
Changes in net position	109	0	0
Net position – beginning	<hr/>	<hr/>	<hr/>
	1,105	5,500	0
Net position – ending	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 1,214	\$ 5,500	\$ 0

The Notes to Financial Statements are an integral part of this Statement.

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Millbrook (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 significant accounting policies used by the Township.

Reporting Entity

The Township is governed by an elected five member board of trustees (Board). The accompanying financial statements present the government, as the Township does not have any component units that are required to be presented, either discretely or blended and is not responsible for any jointly governed organizations, other than the Township has an agreement with a local fire department consisting of several local municipalities to render fire protection to its residents.

Government-Wide and Fund Financial Statements

The government-wide 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*, normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general 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 proprietary fund and 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 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, relating to compensated absences, and claims and judgments are recorded only when payment is due.

Taxes Receivable – Current Property Taxes

The Township property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st. Real property taxes not collected as of March 1st are turned over to Iosco County, which advances the Township 100% for the delinquent taxes.

The 2013 taxable valuation (Real) of the Township totaled \$31,076,715, on which ad valorem taxes levied consisted of 1.2500 mills for Township operating purposes and voted millage .9857 mills for fire purposes. The fire millage is disbursed directly to a fire district and the operating millage is reported in the General Fund as current revenue.

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 Township reports the following fiduciary funds:

The *pension plan trust* and *cemetery perpetual care funds* are expendable trust funds. The measurement focus of expendable trust funds is the same as for governmental funds.

The *current tax collection fund* is used to account for resources held by the Township in a purely custodial capacity. Money in this fund is from current tax collections. Timely distribution to the appropriate fund and local unit must be made in accordance with Section 43 of the General Property Tax Act.

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Amounts reported as *program revenue* include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenue* rather than as program revenue. Likewise, general revenue includes all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted sources first, then restricted resources as they are needed.

Assets, Liabilities, and Net Position or Equity

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. The Townships certificates of deposits with a maturity of more than three months are investments and are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “due to/from other funds”.

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. 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.

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Equity (Continued)

Capital Assets – Capital assets; which include property, plant and equipment are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 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 donation.

The Township has elected not to report its' infrastructure assets which is in compliance with Governmental Accounting Standards Board Statement Number 34 as the Township is a "tier three" entity. All future infrastructure asset additions will be recorded and reported in the government wide financial statements.

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

Buildings	40 years
Building improvements	20 years

Long-Term Obligations – In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Fund Equity – In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the Township Board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Township Board.
- **Assigned:** Intent to spend resources on specific purposes expressed by the Township Board.
- **Unassigned:** Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to these purposes.

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Equity (Continued)

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

NOTE B – CASH AND INVESTMENTS

MCL 129.91 authorizes the Township to deposit and invest in the accounts of Federal insured banks. Credit unions, savings and loan associations; bond securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements, bankers' acceptance of United States banks; commercial paper rated within the two highest classifications, which mature 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 which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township has designated one bank for the deposit of Township funds. The investments policy adopted by the board in accordance with Public Act 20 of 1943, as amended, has authorized only a portion of the investments described in the preceding paragraph. The Township's deposits and investment policy are in accordance with statutory authority.

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

Bank deposits (demand and times deposits)	\$ 305,950
Investment house deposits	95,500
TOTAL (includes trust and agency funds)	<u>\$ 401,450</u>

The federal insured bank balance of the Township's deposits is \$401,450.

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE C – EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGET FUNDS

P.A. of 1978, section 18(1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amounts appropriated in any of its budgetary funds.

Included in the “Required Supplemental Information” section of this report is a listing of revenues and expenditures for the budgetary funds. The schedules reflect the original budget, amended budget and actual amounts for each of the fund’s activities. Some of the unfavorable variances that occurred during the year were primarily due to year end accruals and reclassifications.

NOTE D – RISK MANAGEMENT

The Township of Millbrook is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township of Millbrook maintains commercial insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settlement claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE E – PENSION PLAN

The Township paid \$2,627 during the fiscal year ending March 31, 2014 to a group flexible annuity contract to fund the pension plan for eligible participants. The employees reimburse the Township 50% of this cost.

NOTE F – RECEIVABLES

The County of Mecosta owes the Township delinquent taxes of \$3,638 for operating purposes as of March 31, 2014.

NOTE G – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

There were no interfund transfers during the fiscal year ending March 31, 2014.

The composition of interfund balances as of March 31, 2014, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Tax Collection	<u>\$ 143,147</u>

TOWNSHIP OF MILLBROOK
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE H – CHANGES IN CAPITAL ASSETS

Capital asset activity for the Township for the year ended March 31, 2014 was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u>
Governmental Funds:				
Assets not depreciated				
Land & improvements	\$ 30,000	\$ 0	\$ 0	\$ 30,000
Assets depreciated:				
Buildings:				
Township hall improvements	9,000	0	0	9,000
Cemetery building	14,006	0	0	14,006
Total at Historic Cost	<u>53,006</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>53,006</u>
Less Accumulated Depreciation for:				
Buildings:				
Township hall improvements	(4,950)	\$ (450)	\$ 0	(5,400)
Cemetery building	(4,200)	(350)	0	(4,550)
Total Accumulated Depreciation	<u>(9,150)</u>	<u>\$ (800)</u>	<u>\$ 0</u>	<u>(9,950)</u>
Net Governmental Funds-Capital Assets	<u>\$ 43,856</u>			<u>\$ 43,056</u>

NOTE I – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Township through August 18, 2014 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED
SUPPLEMENTAL
INFORMATION

TOWNSHIP OF MILLBROOK
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year ended March 31, 2014

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning Fund Balance	\$ 295,650	\$ 295,650	\$ 319,355	\$ 23,705
Resources (Inflows):				
Property taxes & related fees	47,175	47,175	43,761	(3,414)
Dog licenses	24	24	0	(24)
State shared revenues and grants	84,399	84,399	85,980	1,581
Charges for services	3,626	3,626	4,205	579
Interest and rentals	1,252	1,252	1,217	(35)
Other:				
Sale of cemetery lots	400	400	0	(400)
All other refunds and rebates	2,176	2,176	1,493	(683)
AMOUNTS AVAILABLE FOR APPROPRIATION	434,702	434,702	456,011	21,309
Charges to Appropriations(Outflows)				
Legislative				
Township board	12,332	12,332	13,773	(1,441)
General Government				
Supervisor	4,338	4,338	4,029	309
Treasurer	12,446	12,446	11,830	616
Assessor	18,160	18,160	11,281	6,879
Clerk	7,346	7,346	6,883	463
Elections	3,700	3,700	289	3,411
Building and grounds	3,109	3,109	3,596	(487)
All other general government:				
Board of review	700	700	711	(11)
Cemetery	9,950	9,950	10,143	(193)
Public Works:				
Roads	134,000	134,000	3,200	130,800
Street lights	1,600	1,600	1,353	247
TOTAL CHARGES TO APPROPRIATIONS	207,681	207,681	67,088	140,593
BUDGETARY FUND BALANCE - ENDING	\$ 227,021	\$ 227,021	\$ 388,923	\$ 161,902

Barry E. Gaudette, CPA, PC
731 S. Garfield Avenue
Traverse City, Michigan 49686

Members of the Township Board
Township of Millbrook
Mecosta County, Michigan

We have audited the financial statements of the governmental activities, as well as each fiduciary fund type of Township of Millbrook, Michigan for the year ended March 31, 2014. 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 August 18, 2014. 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 Township of Millbrook, Michigan are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal 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. 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. There were no major sensitive estimates affecting the Township's financial statements.

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 misstatements noted during the audit.

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 my satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 18, 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.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to my audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Barry E. Gaudette, CPA, PC

August 18, 2014