

**BRICKLEY DeLONG**  
CERTIFIED PUBLIC ACCOUNTANTS

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August 31, 2018

Village Council  
Village of Rothbury  
Rothbury, Michigan

In planning and performing our audit of the financial statements of the governmental activities, and each major fund of the Village of Rothbury as of and for the year ended March 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Village of Rothbury's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Rothbury's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Rothbury's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 and correct, 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 attached deficiency to be a significant deficiency.

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

*Brickley DeLong, P.C.*

## **SIGNIFICANT DEFICIENCY**

Recommendation 1: The internal controls surrounding the preparation of formal year-end financial statements should be improved.

Small organizations with limited resources and personnel inherently have difficulty in establishing and maintaining effective internal accounting controls related to the preparation and review of the formal year-end financial statements.

The Village should review its procedures surrounding the preparation of year-end financial statements to include the appointment of an individual with the requisite technical skills and experience to review the formal year-end financial statements and accompanying footnotes, in relation to required disclosures in accordance with generally accepted accounting principles.