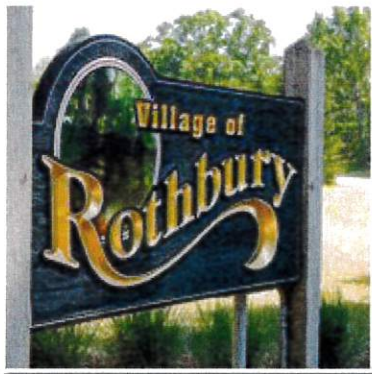


Village of Rothbury  
Oceana County, Michigan

**REPORT ON FINANCIAL STATEMENTS**  
(with required supplementary information)

March 31, 2024



Village of Rothbury  
**LIST OF ELECTED OFFICIALS**  
March 31, 2024

Village President..... Vern Talmadge

Village Clerk.....Brandy Williams

Village Treasurer ..... Deborah Murphy

Village Council..... Autum Drake  
Jim Fekken  
Michael Harris  
Denise Kurdziel  
Troy Voorhees  
Dylan Zuniga

Village of Rothbury

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**INDEPENDENT AUDITOR'S REPORT**

Village Council  
Village of Rothbury  
Rothbury, Michigan

**Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Village of Rothbury, Michigan, as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Village of Rothbury, Michigan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Village of Rothbury, Michigan, as of March 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

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

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

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

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

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

Village Council  
Village of Rothbury  
Page 3

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink that reads "Brickley DeLong, P.C." The signature is written in a cursive style.

Muskegon, Michigan  
August 2, 2024

As management of the Village of Rothbury, we present to the readers of the Village's financial statements this overview and analysis of the financial activities of the Village for the fiscal year ended March 31, 2024. We encourage you to consider the information presented in these financial statements along with the additional information that has been furnished in this letter.

### FINANCIAL HIGHLIGHTS

- At the close of the fiscal year, the Village had total assets of \$2,189,586 and total liabilities of \$20,512, leaving net position of \$2,169,074, an increase of 6.8 percent in the Village's overall net position from the prior year.
- The General Fund fund balance increased \$15,159.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Village's finances. These statements are similar to those of a private sector business.

The Statement of Net Position presents information on all of the Village's assets/deferred outflows of resources and liabilities/deferred inflows of resources, 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 Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net position changed during the fiscal year. All changes in net position are reported when the 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 the future fiscal periods.

Both of the government-wide financial statements mentioned above distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are designed to recover all or a significant part of their costs through user fees and charges for services (business-type activities). The governmental activities of the Village include general government, public safety, public works, community and economic development, and culture and recreation activities. The Village does not currently have any business-type activities.

### **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 Village, 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 Village are governmental 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 current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a governmental entity's short-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 short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between the two.

The Village maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Major Streets Fund, and Local Streets Fund, which are considered to be major funds.

### **Notes to 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 reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's budgetary information as it relates to the actual expenditures for the General Fund, Major Streets Fund, and Local Streets Fund.



**Government-wide Financial Analysis**

The first table presented below is a summary of the government-wide Statement of Net Position for the Village. As stated earlier, the net position may be used as an indicator of a government's financial health. As of March 31, 2024, the Village's net position from governmental activities totaled \$2,169,074.

Current assets increased as mass gathering fees were not spent. Capital assets increased as the Village made improvements to 88<sup>th</sup> Avenue.

In examining the composition of net position, the reader should note that governmental activities include net position that is invested in capital assets (i.e., infrastructure, buildings, land, vehicles, equipment, etc.). These assets are used to provide services to the Village's residents, and they are not available to pay salaries, operational expenses or fund capital projects. Certain other governmental net position is shown as restricted, meaning that it is subject to external restrictions on how it may be used. The unrestricted net position for governmental activities actually depicts a balance of \$443,975. This represents the amount of discretionary resources that can be used for general governmental operations.

**Net Position**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Current assets	\$ 566,813	\$ 525,634
Capital assets	1,622,773	1,513,076
Total assets	<u>2,189,586</u>	<u>2,038,710</u>
Current liabilities	<u>20,512</u>	<u>8,198</u>
Net position		
Net investment in capital assets	1,622,773	1,513,076
Restricted	102,326	88,650
Unrestricted	443,975	428,816
Total net position	<u><u>\$ 2,169,074</u></u>	<u><u>\$ 2,030,542</u></u>

**Governmental Activities**

Net position of the Village's governmental activities increased by \$138,532 (6.8%) during the 2024 fiscal year. Grants and contributions not restricted decreased as American Rescue Plan Act funds were spent in the prior year. General government expenses increased due to the costs of a grant application, a couple of new part-time employees, and inflationary increases. The following table depicts these occurrences.

**Change in Net Position**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Revenues:		
Program revenues		
Charges for services	\$ 27,549	\$ 36,710
Operating grants	98,963	94,248
General revenues		
Property taxes	94,223	89,335
Franchise fees	2,421	2,486
Grants and contributions not restricted	56,089	81,004
Unrestricted investment earning	1,176	225
Mass gathering fees	337,205	319,582
Miscellaneous	1,873	3,330
Total revenues	<u>619,499</u>	<u>626,920</u>
Expenses:		
General government	178,090	143,244
Public safety	93,550	86,968
Public works	164,671	149,440
Community and economic development	3,168	3,084
Culture and recreation	41,488	38,163
Total expenses	<u>480,967</u>	<u>420,899</u>
Change in net position	138,532	206,021
Net position - beginning	<u>2,030,542</u>	<u>1,824,521</u>
Net position - ending	<u><u>\$ 2,169,074</u></u>	<u><u>\$ 2,030,542</u></u>

### Financial Analysis of the Government's Funds

As stated earlier in this discussion and analysis, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the 2024 fiscal year, the Village's governmental funds reported a combined unassigned fund balance of \$88,185.

The fund balance in the General Fund increased by \$15,159. The fund balance in the Major Streets Fund increased by \$14,104, and the fund balance in the Local Streets Fund decreased by \$428.

### General Fund Budget

During the current fiscal year, the Village made several amendments to its original budget as follows:

- Licenses and permits revenues budget was increased by \$337,205 as the Village did not budget for mass gathering fees for the Electric Forest festival until the fees were received.
- Unallocated expenditures budget was increased by \$267,705 due to the aforementioned increase in the revenues budget.
- The capital outlay budget was increased by \$39,000 because of costs in outfitting a new police Chevy Tahoe and replacement of park fencing.

The following comments summarize the major variations from the final budget to actual revenues and expenditures.

- Village hall expenditures were under budget by \$12,458 as the Village budgeted conservatively.
- The unallocated expenditures budget is unspent contingency.
- Police expenditures were under budget by \$14,492 as the Village budgeted conservatively.
- Capital outlay expenditures were under budget by \$50,273 as the Village deferred capital purchases for the following fiscal year.

### Capital Assets

The Village investment in capital assets for its governmental activities as March 31, 2024 totaled \$1,622,773 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, vehicles and infrastructure.

The significant capital asset additions during the current year were improvements to 88<sup>th</sup> Avenue, a new Chevy Tahoe for the police department, outfield fencing, and other smaller improvements.

# VILLAGE OF ROTHBURY

## Management's Discussion and Analysis

### Capital Assets—Continued

	Capital Assets (Net of Accumulated Depreciation)	
	Governmental Activities	
	2024	2023
Land	\$ 39,701	\$ 39,701
Land improvements	86,713	81,529
Buildings and improvements	115,879	123,890
Furniture and equipment	37,260	38,516
Vehicles	69,857	20,961
Infrastructure	1,273,363	1,208,479
Total	<u>\$ 1,622,773</u>	<u>\$ 1,513,076</u>

Additional information on the Village's capital assets can be found in Note D of the "Notes to Financial Statements" of this report.

### General Economic Overview

The Village's General Fund is comprised of three major revenue sources, state revenue sharing, property taxes, and a mass gathering ordinance. Those three sources comprise approximately 90 percent of the General Fund's revenue sources. For fiscal 2025, the Village has conservatively budgeted revenue sharing and mass gathering ordinance revenues to be approximately the same and a modest increase in property taxes due to growing taxable value. The Village has not budgeted any other significant changes to revenues.

The Village expects General Fund operating expenditures in fiscal 2025 to be approximately the same as fiscal 2024 except for a new trash collection service budgeted for \$45,000.

The Village has made an application for a DNR grant to make major renovations to Czarny Park. The grant is for \$450,000 with an anticipated Village match of \$450,000. In anticipation of these improvements, the Village is intending to set aside \$150,000 per year. The final awards will be announced in December 2024. If not awarded the grant, the Village anticipates using its own funds to make the improvements over a longer period of time.

Capital purchases budgeted in fiscal 2024 for the General Fund are new cameras and radios for the police department for approximately \$70,000 and the anticipated purchase of a piece of land adjacent to Czarny Park for \$35,000.

The Village has also budgeted a transfer of \$40,000 to the Local Streets Fund to assist with projects.

In the Major Streets Fund, the Village has no significant projects budgeted. In the Local Streets Fund, the Village has budgeted \$50,000 to chip seal a portion of 80<sup>th</sup> Avenue and some surrounding residential roads.

### Requests for Information

This financial report is designed to provide a general overview of the Village of Rothbury's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Village of Rothbury, 7804 S. Michigan Avenue, Rothbury, Michigan 49452 or telephone (231) 894-2385.

Village of Rothbury  
**STATEMENT OF NET POSITION**  
 March 31, 2024

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 521,836
Receivables	5,870
Due from other governmental units	26,967
Prepaid items	<u>12,140</u>
Total current assets	566,813
Noncurrent assets	
Capital assets, net	
Nondepreciable	39,701
Depreciable	<u>1,583,072</u>
Total noncurrent assets	<u>1,622,773</u>
Total assets	2,189,586
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	<u>20,512</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,622,773
Restricted for streets	102,326
Unrestricted	<u>443,975</u>
Total net position	<u><u>\$ 2,169,074</u></u>

The accompanying notes are an integral part of this statement.

Village of Rothbury  
**STATEMENT OF ACTIVITIES**  
For the year ended March 31, 2024

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense)</u>
Governmental activities	<u>Charges for</u>	<u>Operating Grants</u>	<u>in Net Position</u>	<u>Revenue and Changes</u>
	<u>Services</u>	<u>and Contributions</u>	<u>Governmental</u>	<u>Activities</u>
	<u>Expenses</u>			
General government	\$ 178,090	\$ 14,599	\$ -	\$ (163,491)
Public safety	93,550	-	-	(93,550)
Public works	164,671	-	98,963	(65,708)
Community and economic development	3,168	-	-	(3,168)
Culture and recreation	41,488	12,950	-	(28,538)
Total governmental activities	<u>\$ 480,967</u>	<u>\$ 27,549</u>	<u>\$ 98,963</u>	<u>(354,455)</u>
General revenues				
Property taxes				94,223
Franchise fees				2,421
State shared revenues				56,089
Unrestricted investment earnings				1,176
Mass gathering fees				337,205
Miscellaneous				1,873
Total general revenues				<u>492,987</u>
Change in net position				138,532
Net position at beginning of year				<u>2,030,542</u>
Net position at end of year				<u>\$ 2,169,074</u>

The accompanying notes are an integral part of this statement.

Village of Rothbury  
**BALANCE SHEET**  
 Governmental Funds  
 March 31, 2024

	<b>General Fund</b>	<b>Major Streets Fund</b>	<b>Local Streets Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 431,769	\$ 50,833	\$ 39,234	\$ 521,836
Receivables				
Accounts	577	-	-	577
Property taxes	5,293	-	-	5,293
Due from other governmental units	10,920	11,095	4,952	26,967
Prepaid items	12,140	-	-	12,140
<b>Total assets</b>	<b>\$ 460,699</b>	<b>\$ 61,928</b>	<b>\$ 44,186</b>	<b>\$ 566,813</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 16,724	\$ 1,211	\$ 2,577	\$ 20,512
<b>FUND BALANCES</b>				
Nonspendable - prepaid items	12,140	-	-	12,140
Restricted for streets	-	60,717	41,609	102,326
Assigned for subsequent year's budget appropriation of fund balance	343,650	-	-	343,650
Unassigned	88,185	-	-	88,185
<b>Total fund balances</b>	<b>443,975</b>	<b>60,717</b>	<b>41,609</b>	<b>546,301</b>
<b>Total liabilities and fund balances</b>	<b>\$ 460,699</b>	<b>\$ 61,928</b>	<b>\$ 44,186</b>	<b>\$ 566,813</b>

The accompanying notes are an integral part of this statement.

Village of Rothbury  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION**  
 March 31, 2024

Total fund balances—governmental funds		\$ 546,301
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Cost of capital assets	\$ 3,504,579		
Accumulated depreciation	<u>(1,881,806)</u>	<u>1,622,773</u>	

Net position of governmental activities			<b><u>\$2,169,074</u></b>
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The accompanying notes are an integral part of this statement.



Village of Rothbury  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
 Governmental Funds  
 For the year ended March 31, 2024

	<u>General Fund</u>	<u>Major Streets Fund</u>	<u>Local Streets Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Property taxes	\$ 94,223	\$ -	\$ -	\$ 94,223
Licenses and permits	350,116	-	-	350,116
Intergovernmental revenues - State	59,204	66,094	29,491	154,789
Charges for services	17,059	-	-	17,059
Investment earnings	1,176	162	101	1,439
Other	1,873	-	-	1,873
Total revenues	<u>523,651</u>	<u>66,256</u>	<u>29,592</u>	<u>619,499</u>
<b>EXPENDITURES</b>				
Current				
General government	170,571	-	-	170,571
Public safety	90,008	-	-	90,008
Public works	9,631	19,742	9,111	38,484
Community and economic development	3,168	-	-	3,168
Culture and recreation	28,387	-	-	28,387
Capital outlay	81,727	-	178,319	260,046
Total expenditures	<u>383,492</u>	<u>19,742</u>	<u>187,430</u>	<u>590,664</u>
Excess of revenues over (under) expenditures	140,159	46,514	(157,838)	28,835
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	157,410	157,410
Transfers out	(125,000)	(32,410)	-	(157,410)
Total other financing sources (uses)	<u>(125,000)</u>	<u>(32,410)</u>	<u>157,410</u>	<u>-</u>
Net change in fund balances	15,159	14,104	(428)	28,835
Fund balances at beginning of year	428,816	46,613	42,037	517,466
Fund balances at end of year	<u>\$ 443,975</u>	<u>\$ 60,717</u>	<u>\$ 41,609</u>	<u>\$ 546,301</u>

The accompanying notes are an integral part of this statement.

Village of Rothbury  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
For the year ended March 31, 2024

Net change in fund balances—total governmental funds \$ 28,835

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	\$ (150,349)	
Capital outlay	<u>260,046</u>	<u>109,697</u>

Change in net position of governmental activities		<u><u>\$ 138,532</u></u>
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The accompanying notes are an integral part of this statement.

Village of Rothbury  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2024

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

The Village is a general law village governed by an elected seven-member Village Council. Generally accepted accounting principles require that if the Village is considered to be financially accountable for other organizations, those organizations should be included as component units in the Village's financial statements. Since no organizations met this criterion, none are included in the financial statements.

**Basis of Presentation—Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Village. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The Village has no business-type activities.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds columns.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the Village's governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All of the Village's funds are reported as major funds.

The Village reports the following major governmental funds:

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

The Major Streets Fund and Local Streets Fund account for money distributed by the State of Michigan for construction and maintenance of major and local streets within the Village.

Village of Rothbury  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2024

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Basis of Presentation—Government-wide and Fund Financial Statements—Continued**

During the course of operations the Village has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village 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 claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Village of Rothbury  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2024

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Measurement Focus and Basis of Accounting—Continued**

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

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

***Cash and Investments***

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

Investments for the Village are reported at fair value (generally based on quoted market prices).

The Village has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Village to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers' acceptances, state-approved investment pools and certain mutual funds.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***Capital Assets***

Capital assets, which include property, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years.

Village of Rothbury  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2024

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

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

***Capital Assets—Continued***

As the Village constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, equipment, and infrastructure of the Village are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	20-50
Furniture and equipment	5-20
Vehicles	8
Infrastructure	10-20

***Deferred Outflows/Inflows of Resources***

In addition to assets, the Statement of Net 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

***Net Position Flow Assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Village of Rothbury  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2024

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

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

***Fund Balance Flow Assumptions***

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Village itself can establish limitation on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

**Revenues and Expenditures/Expenses**

***Program Revenues***

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Village of Rothbury  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2024

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Revenues and Expenditures/Expenses—Continued**

***Property Taxes***

All accounts and property tax receivables are shown net of allowance for uncollectibles.

The Village bills and collects its own property taxes. Taxes are levied and liened on July 1 on the taxable valuation of property (as defined by state statutes) located in the Local Governmental Unit as of the preceding December 31. Uncollected real property taxes as of the following September 14 are turned over by the Village to the County for collection. The County advances the Village all of these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the Village. The Village recognizes all available revenue from the current tax levy. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2023 state taxable value for real/personal property of the Village totaled approximately \$18,347,000. The ad valorem taxes levied consisted of 5.073 mills for operation. This amount is recognized in the General Fund.

**NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The appropriated budget is prepared by fund, function and department. The Village's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Village Council. The legal level of budgetary control is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year.



Village of Rothbury  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2024

**NOTE C—DEPOSITS AND INVESTMENTS**

**Deposit and Investment Risks**

***Interest Rate Risk***

The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

***Credit Risk***

State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations. The Village's investment policy does not authorize it to invest in commercial paper or corporate bonds.

***Concentration of Credit Risk***

The Village does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the Village investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The Village does not have any investments exposed to concentration of credit risk.

***Custodial Credit Risk – Deposits***

In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of March 31, 2024, the Village's bank balance of \$522,975 was not exposed to custodial credit risk because it was fully insured.

***Custodial Credit Risk – Investments***

The Village does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village does not have any investments exposed to custodial credit risk.

***Foreign Currency Risk***

The Village is not authorized to invest in investments which have this type of risk.

Village of Rothbury  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2024

**NOTE D—CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2024 was as follows:

	<b>Balance April 1, 2023</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance March 31, 2024</b>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 39,701	\$ -	\$ -	\$ 39,701
<b>Capital assets, being depreciated:</b>				
Land improvements	196,713	12,973	8,692	200,994
Buildings and improvements	409,672	-	-	409,672
Furniture and equipment	179,619	10,495	-	190,114
Vehicles	133,499	58,259	-	191,758
Infrastructure	2,294,021	178,319	-	2,472,340
Total capital assets, being depreciated	3,213,524	260,046	8,692	3,464,878
<b>Less accumulated depreciation:</b>				
Land improvements	115,184	7,789	8,692	114,281
Buildings and improvements	285,782	8,011	-	293,793
Furniture and equipment	141,103	11,751	-	152,854
Vehicles	112,538	9,363	-	121,901
Infrastructure	1,085,542	113,435	-	1,198,977
Total accumulated depreciation	1,740,149	150,349	8,692	1,881,806
Total capital assets, being depreciated, net	1,473,375	109,697	-	1,583,072
Capital assets, net	<b>\$ 1,513,076</b>	<b>\$ 109,697</b>	<b>\$ -</b>	<b>\$ 1,622,773</b>

Depreciation expense has been charged to functions as follows:

<b>Government activities:</b>	
General government	\$ 7,519
Public safety	3,542
Public works	126,187
Culture and recreation	13,101
	<b>\$150,349</b>

Village of Rothbury  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2024

**NOTE E—INTERFUND TRANSFERS**

During the year ended March 31, 2024, the Major Streets Fund transferred \$32,410 to the Local Streets Fund. The General Fund transferred \$125,000 to the Local Streets Fund. The transfers were for various street maintenance or improvement projects.

**NOTE F—OTHER INFORMATION**

**Risk Management**

The Village 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 Village manages its liability and property risk by participating in the Michigan Municipal Liability and Property Pool (MMLPP), a public entity risk pool providing property and liability coverage to its participating members. The Village pays an annual premium to MMLPP for its insurance coverage. The MMLPP is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Village manages its workers' compensation risk by participating in the Michigan Municipal Workers' Compensation Fund (MMWCF), a public entity risk pool providing workers' compensation coverage to its participating members. The Village pays an annual premium to MMWCF for its workers' compensation coverage. The MMWCF is self-sustaining through member premiums and provides statutory workers' compensation coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**NOTE G—PENSION PLANS**

**Defined Contribution Plan**

The Village contributes to the Village of Rothbury Defined Contribution Plan for all of its employees and elected officials. The Plan is administered by the Village.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Village Council. For each employee in the Plan, the Village is required to contribute 7.5 percent of gross earnings. Employees are not required to contribute to the Plan. For the year ended March 31, 2024, the Village recognized pension expense of \$12,254.

Employees are immediately vested for all contributions and earnings on those contributions.

**NOTE H—ECONOMIC DEPENDENCY**

The Village's General Fund has a significant economic dependence on a local festival that generates significant revenues for the Village as a result of the mass gathering fee ordinance. During the year ended March 31, 2024, the festival generated approximately 64 percent of the General Fund's total revenues. The Village also has a significant economic dependency on a local taxpayer. During the year ended March 31, 2024, the taxpayer's billings for property taxes approximated 34 percent of total property taxes in the General Fund.

**REQUIRED SUPPLEMENTARY INFORMATION**

Village of Rothbury  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
General Fund  
For the year ended March 31, 2024

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property taxes	\$ 91,100	\$ 91,100	\$ 94,223	\$ 3,123
Licenses and permits	6,600	343,805	350,116	6,311
Intergovernmental revenues - State	65,000	65,000	59,204	(5,796)
Charges for services	23,200	23,200	17,059	(6,141)
Fines and forfeitures	500	500	-	(500)
Investment earnings	500	500	1,176	676
Other	5,000	5,000	1,873	(3,127)
Total revenues	191,900	529,105	523,651	(5,454)
<b>EXPENDITURES</b>				
Current				
General government				
Village Council	63,300	73,800	74,067	(267)
Clerk	22,025	28,025	24,798	3,227
Treasurer	23,825	23,825	19,664	4,161
Village hall	64,500	64,500	52,042	12,458
Unallocated	53,850	321,555	-	321,555
Public safety				
Police	103,500	104,500	90,008	14,492
Public works				
Highways, streets, and bridges	12,200	12,200	9,631	2,569
Community and economic development				
Planning	7,500	8,500	3,168	5,332
Culture and recreation				
Rothbury Community Center	21,300	23,300	19,158	4,142
Recreation	16,900	16,900	9,229	7,671
Capital outlay	93,000	132,000	81,727	50,273
Total expenditures	481,900	809,105	383,492	425,613
Excess of revenues over (under) expenditures	(290,000)	(280,000)	140,159	420,159
<b>OTHER FINANCING USES</b>				
Transfers out	(120,000)	(130,000)	(125,000)	5,000
Net change in fund balance	<u>\$ (410,000)</u>	<u>\$ (410,000)</u>	15,159	<u>\$ 425,159</u>
Fund balance at beginning of year			428,816	
Fund balance at end of year			<u>\$ 443,975</u>	

Village of Rothbury  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
Major Streets Fund  
For the year ended March 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues - State	\$ 61,200	\$ 61,200	\$ 66,094	\$ 4,894
Investment earnings	25	25	162	137
Total revenues	61,225	61,225	66,256	5,031
<b>EXPENDITURES</b>				
Current				
Public works				
Routine maintenance	13,800	13,800	10,847	2,953
Winter maintenance	10,000	10,000	6,953	3,047
Administration	2,425	2,425	1,942	483
Total expenditures	26,225	26,225	19,742	6,483
Excess of revenues over (under) expenditures	35,000	35,000	46,514	11,514
<b>OTHER FINANCING USES</b>				
Transfers out	(30,000)	(30,000)	(32,410)	(2,410)
Net change in fund balance	<u>\$ 5,000</u>	<u>\$ 5,000</u>	14,104	<u>\$ 9,104</u>
Fund balance at beginning of year			<u>46,613</u>	
Fund balance at end of year			<u>\$ 60,717</u>	

Village of Rothbury  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
Local Streets Fund  
For the year ended March 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues - State	\$ 35,500	\$ 35,500	\$ 29,491	\$ (6,009)
Investment earnings	50	50	101	51
Total revenues	35,550	35,550	29,592	(5,958)
<b>EXPENDITURES</b>				
Current				
Public works				
Routine maintenance	8,300	8,300	4,365	3,935
Winter maintenance	14,000	14,000	3,953	10,047
Administration	1,000	1,000	793	207
Capital outlay	197,250	197,250	178,319	18,931
Total expenditures	220,550	220,550	187,430	33,120
Excess of revenues over (under) expenditures	(185,000)	(185,000)	(157,838)	27,162
<b>OTHER FINANCING SOURCES</b>				
Transfers in	150,000	150,000	157,410	7,410
Net change in fund balance	<u>\$ (35,000)</u>	<u>\$ (35,000)</u>	(428)	<u>\$ 34,572</u>
Fund balance at beginning of year			42,037	
Fund balance at end of year			<u>\$ 41,609</u>	

**BRICKLEY DeLONG**  
CERTIFIED PUBLIC ACCOUNTANTS

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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 Village of Rothbury as of and for the year ended March 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered 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 Village of Rothbury's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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.*

Muskegon, Michigan  
August 2, 2024



## SIGNIFICANT DEFICIENCY

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

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.

# BRICKLEY DeLONG

CERTIFIED PUBLIC ACCOUNTANTS

Village Council  
Village of Rothbury  
Rothbury, Michigan

We have audited the financial statements of the governmental activities and each major fund of Village of Rothbury for the year ended March 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you during our conference on July 10, 2024. Professional standards also require that we communicate to you the following information related to our audit.

## **Significant Audit Matters**

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Village of Rothbury 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 year ended March 31, 2024. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of depreciation expense is based on the useful lives of the capital assets.

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

The financial statement disclosures are neutral, consistent and clear.

### *Difficulties Encountered in Performing the Audit*

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

### *Corrected and Uncorrected Misstatements*

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

*Grand Haven | Grand Rapids | Hart | Muskegon*

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Village Council  
Village of Rothbury  
Page 2

**Significant Audit Matters—Continued**

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 2, 2024.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity'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 entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

We applied certain limited procedures to the required supplementary information (RSI) which are required and supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express any opinion or provide any assurance on the RSI.

*Restriction on Use*

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

Sincerely,



Muskegon, Michigan  
August 2, 2024