

**TOWNSHIP OF BEAVER CREEK
CRAWFORD COUNTY, MI
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

**Beaver Creek Township
Board Members**

Brian Ashton, Supervisor

Sharon Hartman, Clerk

Vivian Balmes, Treasurer

Meagan Little, Trustee

Gary Summers, Trustee

Township of Beaver Creek

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	2 - 4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	5
Statement of Activities	6
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	7
Reconciliation of the Balance Sheet to the Statement of Net Assets	8
Statement of Revenues, Expenditures and Changes in Fund Balance	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	10
Notes to Financial Statements	11 - 21
Required Supplemental Information	
Budgetary Comparison Schedule – General Fund	22 - 24
Budgetary Comparison Schedule – Fire Fund	25
Other Supplemental Information	
Combining Balance Sheet – Non Major Funds	26
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non Major Funds	27



Miller & Cook, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Richard W. Miller, CPA
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P.O. Box 962
Gaylord, MI 49734

Independent Auditor's Report

November 30, 2012

To the Township Board
Beaver Creek Township
Crawford County, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund activities, and the aggregate remaining fund information of the Township of Beaver Creek, as of and for the year ended June 30, 2012, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, the major fund activities and the aggregate remaining fund information of the Township of Beaver Creek as of June 30, 2012, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the Township has implemented GASB Statement No. 54. *Fund balance reporting - and Governmental Fund-type definitions*. As a result of this required implementation, fund balance classifications in the governmental fund financial statements have been changed to reflect the new classifications under GASB Statement No. 54.

The management's discussion and analysis on pages 2-4 and budgetary comparison information on pages 24-29 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Miller & Cook, LLP

**BEAVER CREEK TOWNSHIP
8888 S. GRAYLING ROAD
GRAYLING, MI 49738**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

This section of the Beaver Creek Township annual financial report presents our discussion and analysis of the entity's financial performance during the fiscal year ended June 30, 2012.

FINANCIAL HIGHLIGHTS:

Assets totaled approximately \$833,700, of which \$463,800 represents capital assets net of accumulated depreciation. Liabilities totaled approximately \$238,000, of which approximately \$58,000 is payable within the next fiscal year.

Overall revenues approximated \$713,000. Of this total, approximately \$131,000 represents program revenues, consisting mainly of charges for services and program-specific grants; \$582,000 represents general revenues, primarily comprised of property tax income and state shared revenues.

Expenditures for the Township totaled \$702,000. Major expenditures include township administration, public safety, and public works.

The Township's taxable value decreased during the last year, from \$90,726,000 to \$85,971,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township.

The first two statements are government-wide financial statements and provide both long and short-term information about the overall financial status of the Township.

The remaining statements are fund financial statements which focus on individual parts of the entity in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two government-wide statements report net assets and how they have changed. Net assets are the difference between the Township's assets and liabilities; this is one method to measure financial health or position.

Over time, increases and decreases in net assets are an indicator of whether financial position is improving or deteriorating. However, to assess overall health of the Township, you may also have to consider additional factors such as tax base changes, economic conditions, and facility conditions.

All of the activities of the Township are reported as governmental activities. The Township does not engage in any business-type activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds, not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. They also may be created by the Township Board. Funds are established to account for funding and spending of specific financial resources and to show proper expenditure of those resources.

The Township has the following kinds of funds:

Governmental Funds

All of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that differences between the government-wide statements and the fund statements are disclosed to explain the differences between them.

Fiduciary Funds

The Township acts as a trustee or fiduciary for assets that belong to others. The Township maintains these funds and is responsible for insuring that the assets of these activities are distributed according to their intended purpose and at the direction of those to whom the funds belong. These activities do not appear in the government-wide financial statements since the assets do not belong to the Township.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Assets - the Township's net assets for the year ended June 30, 2012 totaled \$595,399, an increase from the prior year of \$15,211.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

General Fund – During the year ended June 30, 2012, the general fund's total revenue increased by approximately \$22,000. This increase is attributable to an increase in state shared revenue. Expenditures decreased by approximately \$36,000 due savings in secretarial wages and benefits and decrease in capital outlay.

Fire Fund – During the year ended June 30, 2012, the fire fund's total revenue increased by approximately \$9,000. This decrease is attributable to higher recovery fees..

Park Fund – The Park Fund received most of its revenue from rent and picnic donations. The major expenditures are the annual picnic and maintenance.

Liquor Law Enforcement Fund – Activities remain stable with monies received from the State for support.

CAPITAL ASSET AND LONG TERM DEBT ACTIVITY

Capital Assets

The Township expended approximately \$24,000 on the fire equipment this year.

Long-Term Debt

The Township's interest paid on long-term debt totaled \$25,000.

CONTACTING ENTITY MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and interested parties with a general overview of the Township's finances and to demonstrate its accountability for the revenues it receives. If you have questions concerning this report, please contact Beaver Creek Township, 8888 S. Grayling Road, Grayling, MI 49738 or call 989 275-8878.

Brian Ashton, Supervisor
Beaver Creek Township

**TOWNSHIP OF BEAVER CREEK
STATEMENT OF NET ASSETS
JUNE 30, 2012**

Assets	
Cash and equivalents	\$ 251,453
Special assessments receivable	118,408
Capital assets not being depreciated	45,000
Capital assets being depreciated	418,833
	833,694
Liabilities	
Accrued liabilities	4,478
Accrued Interest	8,411
Long-term debt:	
Due in one year or less	57,791
Due in more than one year	167,615
	238,295
Net Assets	
Invested in capital assets, net of related debt	238,427
Restricted for:	
Fire protection	14
Parks and recreation	7,143
Liquor law enforcement	132
Unrestricted	349,683
	595,399
Total net assets	\$ 595,399

See accompanying notes to financial statements.

**TOWNSHIP OF BEAVER CREEK
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
Primary government:					
Governmental activities:					
General government	\$ 286,073	\$ 13,641	\$ 3,683	\$ -	\$ (268,749)
Public safety	302,729	-	-	-	(302,729)
Public works	59,761	-	-	-	(59,761)
Recreation and culture	6,505	-	620	-	(5,885)
Interest on long-term debt	26,610	-	-	-	(26,610)
Total primary government	<u>\$ 681,678</u>	<u>\$ 13,641</u>	<u>\$ 4,303</u>	<u>\$ -</u>	<u>(663,734)</u>
General revenues:					
Taxes and assessments					445,736
State shared revenue (not restricted to specific purpose)					136,596
Property tax administration fee					29,621
Interest income					1,565
Rents and royalties					30,303
Other					51,457
Total general revenues					<u>695,278</u>
Change in net assets					31,544
Net Assets - Beginning of Year					<u>563,855</u>
Net Assets - End of Year					<u>\$ 595,399</u>

See accompanying notes to financial statements.

**TOWNSHIP OF BEAVER CREEK
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>Major Funds</u>		Non-major Funds	Total
	General	Fire		
Assets				
Cash	\$ 244,164	\$ 14	\$ 7,275	\$ 251,453
Special assessments receivable	118,408	-	-	118,408
Total assets	\$ 362,572	\$ 14	\$ 7,275	\$ 369,861
Liabilities and Fund Balance				
Liabilities:				
Accrued wages	\$ 4,478	\$ -	\$ -	\$ 4,478
Deferred revenue	118,408	-	-	118,408
Total liabilities	122,886	-	-	122,886
Fund balance:				
Reserved for:				
Fire protection	-	14	-	14
Parks and recreation	-	-	7,143	7,143
Liquor law enforcement	-	-	132	132
Unassigned	239,686	-	-	239,686
Total fund balance	239,686	14	7,275	246,975
Total liabilities and fund balance	\$ 362,572	\$ 14	\$ 7,275	\$ 369,861

See accompanying notes to financial statements.

**TOWNSHIP OF BEAVER CREEK
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Total Fund Balance - Governmental Activities (per Balance Sheet - page 7)	\$	246,975
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not recorded in the funds		463,833
Long-term debt is not recorded in the fund financial statements		(225,406)
The fund financial statements do not recognize revenue until it is measurable and available; the government-wide statements record revenue as it is earned, regardless of when it is collected. This amount represents the revenue that has been deferred in the fund statements but recognized as revenue in the government-wide statements		118,408
Accrued interest on long-term liabilities is not due and payable in the current period and is not reported in the funds		(8,411)
Total Net Assets - Governmental Activities (per Statement of Net Assets - Page 6)	\$	595,399

See accompanying notes to financial statements.

**TOWNSHIP OF BEAVER CREEK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	<u>Major Funds</u>		Non-major Funds	Total
	General	Fire		
Revenues				
Taxes and assessments	\$ 202,251	\$ 243,485	\$ -	\$ 445,736
State sources	135,606	-	990	136,596
Charges for services	39,849	-	-	39,849
Trash bag sales revenue	623	-	-	623
Rent	-	7,800	1,820	9,620
Royalty	16,483	-	-	16,483
Interest	1,489	26	4	1,519
Refunds and reimbursements	-	12,752	-	12,752
Miscellaneous revenue	48,845	533	620	49,998
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	445,146	264,596	3,434	713,176
Expenditures				
Current:				
General government	277,558	-	-	277,558
Public works	57,210	-	-	57,210
Public safety	600	267,017	969	268,586
Recreation and culture	-	-	1,255	1,255
Capital outlay	-	23,672	-	23,672
Debt service:				
Principal	48,371	-	-	48,371
Interest	25,121	-	-	25,121
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	408,860	290,689	2,224	701,773
Excess (deficiency) of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	36,286	(26,093)	1,210	11,403
Other financing sources				
Proceeds from the issuance of debt	-	25,100	-	25,100
Transfer to other funds	3,675	(3,675)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	3,675	21,425	-	25,100
Excess of revenues and other sources over expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	39,961	(4,668)	1,210	36,503
Fund balance - Beginning of Year	<hr/>	<hr/>	<hr/>	<hr/>
	199,725	4,682	6,065	210,472
Fund balance - End of year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 239,686	\$ 14	\$ 7,275	\$ 246,975

See accompanying notes to financial statements.

**TOWNSHIP OF BEAVER CREEK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Change in Fund Balance - Total Governmental Funds (per Statement of Revenues, Expenditures, and Changes in Fund Balance - Page 9)	\$	36,503
Amounts reported for governmental activities in the Statement of Activities (Page 7) are different because:		
Capital outlay purchases are recorded as an expenditure in the fund financial statements but are recorded as capital assets in the government-wide statements		23,672
Depreciation expense, recorded in the government-wide financial statements		(50,459)
Payments on long-term debt are recorded as an expenditure in the fund financial statements but are a reduction to outstanding balances in the government-wide statements		48,371
Proceeds from the issuance of debt is recorded as revenue in the fund financial statements but recorded as long-term debt in the government-wide statements		25,100
Special assessment revenues are recorded in the Statement of Activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year-end.		(78,253)
Interest expense incurred on outstanding loan principal payments are recorded when incurred in the Statement of Activities		26,610
Change in Net Assets - Governmental Activities (Per Statement of Activities - Page 6)	\$	31,544

See accompanying notes to financial statements.

**TOWNSHIP OF BEAVER CREEK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 1: Entity

The Township of Beaver Creek is located in Crawford County, Michigan and has a population of approximately 1,600 residents. The Township offices are located at 8888 South Grayling Road, Grayling, Michigan.

The criteria for determining the various governmental functions to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements include all the governmental functions of the Township of Beaver Creek.

Note 2: Summary of Significant Accounting Policies

Introduction

The accounting and reporting framework and the more significant accounting principles and practices of Beaver Creek Township are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations including required disclosures of the Township's financial activities.

The accounting policies of Beaver Creek Township conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Government-Wide and Fund Financial Statement Presentation:

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Township as a whole, excluding fiduciary activities, such as tax collection activities.

Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and Township general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The Township does not engage in any business-type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with functional programs. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues

**TOWNSHIP OF BEAVER CREEK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 2: Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements (Continued)

associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Township's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

Fund Types and Major Funds

Governmental Funds

The Township reports the following major governmental funds:

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants and other inter-governmental revenues.

Fire Fund – This fund is used to account for all financial activity related to the Township's Fire Department. The main source of revenue is derived from property taxes.

The Township reports its Park and Liquor Law Enforcement Funds as non-major funds.

Other Funds

Fiduciary Fund - This fund is used to account for assets held in trust or as an agent for others. Tax collection activities are recorded in this category. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

**TOWNSHIP OF BEAVER CREEK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 2: Summary of Significant Accounting Policies (Continued)

Fund Equity Information

Beginning with fiscal year 2011-2012, the Township implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – Includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – Includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – Includes amounts that can only be used for specific purposes determined by a formal action by board resolution. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (Board Resolution) that was employed when the funds were initially committed.

Assigned – Includes amounts a government intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority

Unassigned – Includes amounts that are available for any purpose. Positive amounts are only reported in the General Fund.

It is the Township's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The Township's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balances	<u>General</u>	<u>FIRE</u>	<u>PARK</u>	<u>LIQUOR</u>
Non Spendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	14	7,143	132
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>239,686</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	\$ 239,686	\$ 14	\$ 7,143	\$ 132

**TOWNSHIP OF BEAVER CREEK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 2: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the Township are prepared in accordance with generally accepted accounting principles (GAAP). The Township applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Township does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Government-Wide Financial Statements

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Township departments.

Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental Fund Financial Statements

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available.

Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

**TOWNSHIP OF BEAVER CREEK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 2: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

- a) Properties are assessed as of December 31 and the related property Taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls.
- b) In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Township records property tax revenue on the lien date when it becomes an enforceable legal claim for the Township. Therefore, all taxes levied on December 1, 2009 are recorded as revenue in the current fiscal year.
- c) The Township 2011 tax roll millage rate was 0.9701 mills. Fire and road taxes are derived from special assessments.

Budgets

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements.

- 1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
- 2. The proposed budgets include expenditures as well as the methods of financing them.
- 3. Public hearings are held to obtain taxpayer comments.
- 4. The budgets are adopted by a majority vote of the Township Board.
- 5. The budgets are adopted on the modified accrual basis of accounting.
- 6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.

**TOWNSHIP OF BEAVER CREEK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 2: Summary of Significant Accounting Policies (Continued)

Budgets (Continued)

7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.
10. Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The Township adopts its budget at the fund level.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets and Depreciation

The Township's property, plant, and equipment, with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Township generally capitalizes assets with historical cost of \$1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements	25 – 40 years
Land improvements	10 – 20 years
Machinery and equipment	5 – 10 years
Fire Vehicles	20 years

Land and construction in progress are not depreciated.

For information describing capital assets, see Note 5.

**TOWNSHIP OF BEAVER CREEK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 2: Summary of Significant Accounting Policies (Continued)

Long-Term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities.

The governmental fund financial statements recognize the proceeds of debt as other financing sources of the current period. Issuance costs are reported as expenditures.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Accumulated Compensated Absences

Employees are not allowed to accumulate vacation and sick pay; therefore, no accumulated amount has been recorded in these financial statements.

Note 3: Cash and Equivalents

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds and investment pools composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township has designated one bank for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 is in compliance with statutory authority.

At June 30, 2008, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and equivalents	\$ 251,453	\$ -	\$ 251,453

**TOWNSHIP OF BEAVER CREEK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 3: Cash and Equivalents (Continued)

Cash and equivalents consist of checking and savings accounts.

Deposits

The bank balances of the Township's deposits as of June 30, 2012 are \$251,453, of which \$250,000 is covered by federal depository insurance.

Note 4: Special Assessment Receivable / Deferred Revenue

The Township has entered into special assessment arrangements in order to perform major improvements on roads within the Township.

Fund Financial Statements

Under the modified accrual basis of accounting for purposes of the fund financial statements, each special assessment is recorded as a receivable and deferred revenue until a portion of the assessment is included on the tax roll, at which time the portion becomes measurable and available and is recognized as revenue.

The special assessment receivable is expected to be received and recorded as revenue according to the following schedule:

	Billman/ Skyline Road	Majestic Hills Court	Balmes Trail	Crossing Deer Court	Total
2013	-	11,500	27,934	4,863	44,297
2014-2018	-	19,304	45,081	9,726	74,111
	<u>\$ -</u>	<u>\$ 30,804</u>	<u>\$ 73,015</u>	<u>\$ 14,589</u>	<u>\$ 118,408</u>

Government-Wide Financial Statements

Under the accrual basis of accounting, for purposes of the government-wide financial statements, the full amount of each assessment was recognized as revenue in the initial year (no revenue was deferred). The subsequent collections each tax year, according to the schedule above, reduce the special assessment receivable.

**TOWNSHIP OF BEAVER CREEK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 5: Capital Assets

Capital asset activity of the Township's governmental activity was as follows:

Governmental Activities:	Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2012</u>
Capital assets not being depreciated - land	\$ 45,000	\$ -	\$ -	\$ 45,000
Capital assets being depreciated:				
Buildings	342,364	-	-	342,364
Land improvements	121,921	-	-	121,921
Machinery and equipment	560,008	23,672	-	583,680
Subtotal	<u>1,024,293</u>	<u>23,672</u>	-	<u>1,047,965</u>
Accumulated depreciation:				
Buildings	134,888	8,809	-	143,697
Land improvements	44,970	4,877	-	49,847
Machinery and equipment	398,819	36,773	-	435,592
Subtotal	<u>578,677</u>	<u>50,459</u>	-	<u>629,136</u>
Net capital assets being depreciated	<u>445,616</u>	<u>(26,787)</u>	-	<u>418,829</u>
Net capital assets	<u>\$ 490,616</u>	<u>\$ (26,787)</u>	<u>\$ -</u>	<u>\$ 463,829</u>

Depreciation expense was charged to functions of the Township as follows:

Governmental Activities:	
General government	\$ 8,515
Public safety	34,143
Public works	2,551
Recreation and culture	5,250
Total governmental activities	<u>\$ 50,459</u>

**TOWNSHIP OF BEAVER CREEK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 6: Long-Term Debt

A summary of changes in long-term debt is as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Installment purchase contracts:				
Township hall, payable in annual installments of \$12,667, plus semi-annual interest at 4.25% through 2016	50,665	(12,667)	37,998	12,667
Transfer site location, payable in annual installments of \$4,923, plus interest at 5.00% through October 2017	48,562	(4,415)	44,147	4,923
Special assessment notes payable:				
Majestic Hills Court, payable in annual installments of \$11,500, plus interest at 4.50%, through 2015	40,567	(11,500)	29,067	11,500
Balmes Trail / West Ridge, payable in annual installments of \$18,000, plus interest at 4.50%, through 2015	95,872	22,857	118,729	23,838
Crossing Deer Court, payable in annual installments of \$4,863, plus interest at 4.20%, through 2014	19,452	(4,863)	14,589	4,863
Total governmental activities	<u>\$ 255,118</u>	<u>\$ (10,588)</u>	<u>\$ 244,530</u>	<u>\$ 57,791</u>

Annual debt service requirements to maturity for the above installment purchase contracts and special assessment notes payable are as follows:

	<u>Governmental Activities</u>		
	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2013	57,791	8,487	66,278
2014 - 2018	186,739	9,947	196,686
Total	<u>\$ 244,530</u>	<u>\$ 18,434</u>	<u>\$ 262,964</u>

**TOWNSHIP OF BEAVER CREEK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Note 7: Pension Plan

The Township has a defined contribution pension plan covering all full time employees. The Township contributes an amount of each employee's annual salary to the plan. Pension expense for the fiscal year ended June 30, 2012 was \$17,663.

Note 8: Contingencies

Insurance Coverage

The Township is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omission; injuries to employees; and natural disasters.

The Township participates in the Michigan Township Participants plan, a self insured group. The pool is considered a public entity risk pool. The Township pays annual premiums to the pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance. The Township has not been informed of any special assessments being required. There were no significant changes in coverage.

Underfunded Pension

The Township's counsel has informed them they are liable for underfunded pension costs. Estimates are as high as \$250,000. The township is seeking other opinions regarding their liability, if any. The Township is also investigating insurance coverage for the amount should a claim be made. Since the amount is unknown and there is doubt as to the Township's actual liability, these statements do not reflect this liability.

Note 9: Related Party Transaction

The Township fire chief is also a Board member of Mobile Medical Response, Inc. (MMR) who leases a portion of the Township's fire department's fire hall. Total lease revenue for the year ended June 30, 2012 is \$7,800.

**TOWNSHIP OF BEAVER CREEK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance From Final Amended Budget</u>
Revenues				
Property tax and assessments	\$ 202,976	202,976	\$ 202,251	(725)
State sources	116,786	135,606	135,606	-
Charges for services	43,555	43,555	39,849	(3,706)
Trash bag sales revenue	265	265	623	358
Royalty	14,000	14,000	16,483	2,483
Interest	1,663	1,663	1,489	(174)
Miscellaneous revenue	40,085	40,085	48,845	8,760
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	419,330	438,150	445,146	6,996
Expenditures				
General government				
Township Board:				
Trustee wages	5,220	5,220	5,220	-
Fringe benefits	24,415	24,415	17,391	7,024
Postage	4,800	4,800	4,129	671
Supplies	1,181	1,181	1,264	(83)
Printing and publishing	1,200	1,200	1,130	70
Insurance and bonds	4,600	4,600	4,438	162
Miscellaneous	6,589	23,400	10,985	12,415
Dues and memberships	1,700	1,700	1,536	164
Education and training	500	500	-	500
Computer software	1,500	1,500	218	1,282
Computer hardware	-	-	400	(400)
Computer support	6,700	6,700	7,448	(748)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Township Board	58,405	75,216	54,159	21,057
Township Supervisor:				
Wages	23,446	23,446	23,012	434
Fringe benefits	14,507	14,507	12,479	2,028
Mileage	200	200	-	200
Education and training	500	500	-	500
	<hr/>	<hr/>	<hr/>	<hr/>
Total Township Supervisor	38,653	38,653	35,491	3,162
Assessor:				
Contractual services	27,587	27,587	26,075	1,512
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assessor	27,587	27,587	26,075	1,512

**TOWNSHIP OF BEAVER CREEK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Amended Budget	Actual	Variance From Final Amended Budget
Township Clerk:				
Wages	26,290	26,290	25,803	487
Fringe benefits	15,152	15,152	14,639	513
Deputy wages	1,250	1,250	937	313
Mileage	500	500	449	51
Education and training	500	500	79	421
	<hr/>	<hr/>	<hr/>	<hr/>
Total Township Clerk	43,692	43,692	41,907	1,785
Board of Review:				
Wages	700	700	683	17
	<hr/>	<hr/>	<hr/>	<hr/>
Total Board of Review	700	700	683	17
Township Treasurer:				
Wages	23,446	23,446	23,012	434
Fringe benefits	14,647	14,647	14,094	553
Deputy wages	250	250	359	(109)
Mileage	500	500	577	(77)
Education and training	1,000	1,000	99	901
	<hr/>	<hr/>	<hr/>	<hr/>
Total Township Treasurer	39,843	39,843	38,141	1,702
Building and grounds:				
Custodian wages	9,990	9,990	7,312	2,678
Secretary wages	14,863	14,863	8,665	6,198
Fringe benefits	105	105	52	53
Supplies	1,500	1,500	1,697	(197)
Snow removal	2,800	2,800	784	2,016
Mileage	100	100	304	(204)
Electric	3,076	3,076	3,665	(589)
Phone	3,000	3,000	2,557	443
Heat	6,000	6,000	4,670	1,330
Repair and maintenance	1,500	1,500	1,769	(269)
Miscellaneous	4,145	4,145	3,536	609
Capital outlay	-	-	1,726	(1,726)
	<hr/>	<hr/>	<hr/>	<hr/>
Total buildings and grounds	47,079	47,079	36,737	10,342
Cemetery:				
Contractual services	1,100	2,108	2,250	(142)
Electricity	260	260	218	42
Repairs and maintenance	100	100	-	100
	<hr/>	<hr/>	<hr/>	<hr/>
Total cemetery	1,460	2,468	2,468	-

**TOWNSHIP OF BEAVER CREEK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Amended Budget	Actual	Variance From Final Amended Budget
Zoning				
Wages	10,815	10,815	10,275	540
Legal	1,000	2,000	1,897	103
Miscellaneous	7,600	7,600	4,155	3,445
Total zoning	19,415	20,415	16,327	4,088
Total general government	276,834	295,653	251,988	43,665
Public safety	600	600	600	-
Public works				
Sewer / water	34,496	34,496	28,269	6,227
Transfer site	36,626	36,626	35,463	1,163
Contractual road work	18,729	18,729	19,048	(319)
Total public works	89,851	89,851	82,780	7,071
Debt service				
Debt retirement	48,671	48,671	48,371	300
Interest on debt	-	-	25,121	(25,121)
Total debt service	48,671	48,671	73,492	(24,821)
Total expenditures	415,956	434,775	408,860	25,915
Excess (deficiency) of revenues over (under) expenditures	3,374	3,375	36,286	32,911
Other financing sources				
Transfer from other funds	-	-	(3,675)	3,675
Total other financing sources	-	-	(3,675)	3,675
Excess (deficiency) of revenues over (under) expenditures and other sources	3,374	3,375	39,961	36,586
Fund Balance - Beginning of Year	199,725	199,725	199,725	-
Fund Balance - End of Year	\$ 203,099	\$ 203,100	\$ 239,686	\$ 36,586

**TOWNSHIP OF BEAVER CREEK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIRE FUND
YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Amended Budget	Actual	Variance From Final Amended Budget
Revenues				
Property tax and assessments	\$ 243,647	\$ 243,647	\$ 243,485	\$ (162)
Charges for services	4,800	4,800	-	(4,800)
Rent	7,800	7,800	7,800	-
Interest	-	-	26	26
Refunds and reimbursements	4,000	4,000	12,752	8,752
Miscellaneous revenue	2,000	2,000	533	(1,467)
Total revenues	262,247	262,247	264,596	2,349
Expenditures				
Public safety:				
Wages	161,000	161,000	161,028	(28)
Fringe benefits	51,800	51,800	53,221	(1,421)
Office supplies	850	850	1,470	(620)
Rescue supplies	4,900	4,900	3,342	1,558
Repairs and maintenance	13,412	13,412	16,147	(2,735)
Insurance losses	1,000	1,000	2,005	(1,005)
Miscellaneous	2,130	2,130	950	1,180
Liability insurance	12,758	12,578	14,574	(1,996)
Utilities	13,397	13,397	13,857	(460)
Education and training	1,000	1,000	423	577
Total public safety	262,247	262,067	267,017	(4,950)
Capital outlay	-	-	23,672	(23,672)
Debt service				
Total debt service	-	-	-	-
Total expenditures	262,247	262,067	290,689	(28,622)
Excess (deficiency) of revenues over (under) expenditures	-	180	(26,093)	(26,273)
Other Financing Sources				
Loan proceeds/transfer in	-	-	25,100	(25,100)
Transfer to other funds	-	-	(3,675)	3,675
	-	-	(21,425)	21,425
Excess of revenues and other sources over expenditures	-	180	(4,668)	(4,848)
Fund Balance - Beginning of Year	4,862	4,862	4,682	180
Fund Balance - End of Year	\$ 4,862	\$ 5,042	\$ 14	\$ (5,028)

**TOWNSHIP OF BEAVER CREEK
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012**

	<u>Parks</u>	<u>Liquor Law Enforcement</u>	<u>Total</u>
Assets			
Cash	\$ 7,143	\$ 132	\$ 7,275
	<u>7,143</u>	<u>132</u>	<u>7,275</u>
Fund Balance			
Fund balance - unreserved and undesignated	\$ 7,143	\$ 132	\$ 7,275
	<u>7,143</u>	<u>132</u>	<u>7,275</u>

**TOWNSHIP OF BEAVER CREEK
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 NON MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2012**

	Park	Liquor Law Enforcement	Total
Revenue			
State sources	\$ -	\$ 990	\$ 990
Donations	620	-	620
Interest	4	-	4
Other	1,820	-	1,820
	<hr/>	<hr/>	<hr/>
Total revenues	2,444	990	3,434
Expenditures			
Public safety	-	969	969
Recreation and culture	1,255	-	1,255
	<hr/>	<hr/>	<hr/>
Total expenditures	1,255	969	2,224
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	1,189	21	1,210
Fund balance - Beginning of year	5,954	111	6,065
	<hr/>	<hr/>	<hr/>
Fund balance - End of year	\$ 7,143	\$ 132	\$ 7,275
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



Miller & Cook, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Richard W. Miller, CPA
Jeffrey B. Cook, CPA

100 West First Street
P.O. Box 962
Gaylord, MI 49734

November 30, 2012

To the Township Board
Beaver Creek Township
Crawford County, MI

In planning and performing our audit of the financial statements of the governmental activities, the major fund activities, and the aggregate remaining fund information of the Township of Beaver Creek (the Township) as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control.

Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Segregation of Duties

A property designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments and payroll, from authorization and approval of transactions and account reconciliations. The small size of the Township's staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected during normal activities.

Preparation of Financial Statements

The above definition of a significant deficiency includes any condition that adversely affects the ability to report financial data in accordance with generally accepted accounting principles ("GAAP"). As a matter of convenience, the Township has always relied upon its auditors to prepare financial statements and related notes and supplemental schedules for external reporting in accordance with GAAP. As a consequence, the Township has not developed the tools and resources necessary to enable its employees to prepare reports in conformity with GAAP in the normal course of performing their assigned functions. The Township has committed the resources necessary to meet its internal reporting needs. In this regard, it is not unlike many other Governmental Units of its size.

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

Miller & Cook, LLP



Miller & Cook, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Richard W. Miller, CPA
Jeffrey B. Cook, CPA

100 West First Street
P.O. Box 962
Gaylord, MI 49734

November 30, 2012

To the Township Board
Beaver Creek Township
Crawford County, MI

We have audited the financial statements of the governmental activities, the major fund activities, and the aggregate remaining fund information of the Township of Beaver Creek (the Township) for the year ended June 30, 2012, and have issued our report thereon dated November 30, 2012. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 2, 2012, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters on May 2, 2012.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

The most sensitive estimate affecting the financial statements was:

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

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the Township's Measurement Focus and Basis of Accounting policy in Note 2 to the financial statements. We evaluated standard governmental accounting policies and procedures in determining the adequacy of the disclosure from a neutral, consistent and clear perspective for the end user.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 30, 2012.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the 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.

Segregation of Duties

A properly designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments and payroll, from authorization and approval of transactions and account reconciliations. The small size of the Township's staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected during normal activities.

Preparation of Financial Statements

The definition of a significant deficiency includes any condition that adversely affects the ability to report financial data in accordance with generally accepted accounting principles (GAAP). As a matter of convenience, the Township has always relied upon its auditors to prepare financial statements and related notes and supplemental schedules for external reporting in accordance with GAAP. As a consequence, the Township has not developed the tools and resources necessary to enable its employees to prepare reports in conformity with GAAP in the normal course of performing their assigned functions. The Township has committed the resources necessary to meet its internal reporting needs. In this regard, it is not unlike many other Governmental Units of its size.

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

Respectfully submitted,

Miller & Cook, LLP