



CERTIFIED PUBLIC ACCOUNTANTS
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September 1, 2020

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE
AT THE CONCLUSION OF THE AUDIT

To the Township Board
Crystal Lake Township
Benzie County
Frankfort, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crystal Lake Township for the year ended March 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 22, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Crystal Lake Township are described in Note I to the financial statements. During the fiscal year, the Entity adopted GASB Statement No. 84 Fiduciary Activities, which requires changes to how the fiduciary fund is reported. An additional statement was added to the audit report in order to meet the requirements set forth by the new standard. The application of existing policies was not changed during 2019-2020. We noted no transactions entered into by the Crystal Lake Township 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 the governmental activities of Crystal Lake Township's financial statements was:

Management's estimates of the useful lives of capital assets which is based on previous history. 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. We detected various material misstatements as a result of our audit procedures that were corrected by management. The material adjustments made were a result of converting the entity's financial records from cash basis to modified accrual basis of accounting and providing client assistance as the client knew the adjustment was necessary but requested our assistance.

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 September 1, 2020.

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 Crystal Lake 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 Crystal Lake Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit of the basic financial statements of Crystal Lake Township for the year ended March 31, 2020, we noted the following items which we feel deserve comment:

Condition of Accounting Records (Repeat)

We would like to thank the accounting personnel for their efforts in accumulating the information needed for our audit.

Budgeting (Repeat)

Expenditures exceeded appropriated amounts in on department of the General Fund. The Township should continue to monitor its budgets on an ongoing basis and make budget amendments prior to incurring expenditures in excess of budgeted amounts. In addition, the Township adopted a Road Fund budget with a deficit (negative) fund balance which is a violation of the State Budgeting Act.

Telecommunications Right-of-Way

The state restricts the use of these monies to specific items, such as road construction and street lighting. As a result, \$13,732 of the General Fund balance is restricted. Additionally, the Township could transfer these restricted funds to the Road Fund and going forward deposit the annual payments from the State in the Road Fund.

Department of Treasury Internal Control Review

The State of Michigan Department of Treasury performed an internal control review for the Township during the fiscal year. The State provided the Township with a report containing several comments and recommendations. We recommend the Township implement the State's recommendations as soon as possible.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis and the Budgetary Comparison Schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

BAIRD, COTTER AND BISHOP, P.C.

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