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May 18, 2018

The Honorable Supervisor and Board
Township of Burt
P.O. Box 430
Grand Marais, MI 49839

I have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Township of Burt, Alger County, Michigan (Township), for the year ended March 31, 2018. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States; as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated May 18, 2018. Professional standards also require that I communicate to you the following information related to my 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 the Township 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, 2018. I noted no transactions entered into by the 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 estimates affecting the Township's financial statements were:

Management's estimate of the useful lives and depreciation rates of capital assets is based on past practice and experience. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of compensated absences information in Note J to the financial statements is based on information accumulated by the Township accounting staff.

The disclosure of long-term debt principal and interest requirements to maturity are based on scheduled payments as per bond agreements.

The financial statement disclosures are neutral, consistent, and clear.

One material weakness was reported in my “Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*”.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management and in completing the audit.

Corrected and Uncorrected Misstatements

Professional standards require me 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. 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 each opinion unit’s financial statements taken as a whole.

Disagreements with Management

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

Management Representations

I have requested and been provided certain representations from management that are included in the management representation letter dated May 18, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to my retention as the Township’s auditor. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

Other Matters

I applied certain limited procedures to the supplementary information, which is required supplementary information (RSI) that supplements the basic financial statements. My procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I did not audit the RSI and do not express an opinion or any other form of assurance on the RSI.

I was engaged to report on the Other Supplementary Information, which accompany the financial statements but are not RSI. With respect to the Other Supplementary Information, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to my audit of the financial statements. I compared and reconciled the Other Supplementary Information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Control Deficiencies

During my audit, I became aware of matters that are opportunities for strengthening internal controls and operating efficiency that are neither significant deficiencies nor material weaknesses. A summary of these control deficiencies are described in the letter of comments and recommendations that accompanies this letter.

Restrictions on Use of this Report

This information is intended solely for the use of the Township Board and management of the Township and is not intended to be and should not be used by anyone other than those specified parties.


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