



SMITH & KLACZKIEWICZ, PC
CERTIFIED PUBLIC ACCOUNTANTS

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A VETERAN OWNED BUSINESS

January 25, 2018

To the Board of County Road Commissioners
Crawford County Road Commission

We have audited the financial statements of the governmental activities and the major fund of the **Crawford County Road Commission** for the year ended September 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government 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 October 2, 2017. 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 the **Crawford County Road Commission** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the **Crawford County Road Commission** 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 Governmental Activities' financial statements were:

Management's estimate of the useful lives of depreciable assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued compensated absences is based on current vested hours in employee banks, current hourly rates and policies regarding payment of accrued compensated absences upon separation from employment. We evaluated the key factors and assumptions used to develop the estimate in determining that they are reasonable in relation to the financial statements taken as a whole.

The assumptions used in the actuarial valuations of the Road Commission's pension and other post-employment benefit plans are based on historical trends and industry standards. We evaluated the key assumptions used to prepare the valuations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of quantities of certain items in inventory (e.g., yards of gravel) is based on observation of quantities by experienced Road Commission personnel. We evaluated the key assumptions used to prepare the valuations in determining that they are 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. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. 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 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 January 25, 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 **Crawford County Road Commission'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 Road Commission'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 Budgetary Comparison Schedule, Schedule of Funding Progress, Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of Employer Contributions, 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.

We were engaged to report on the Schedules of Road Fund Revenue, Road Fund Expenditures and Changes in Road Fund Balances, which accompany the financial statements but are not RSI. With respect to this supplementary information, we 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 our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of County Road Commissioners and management of the **Crawford County Road Commission** and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Smith + Klaehowitz PC

Crawford County Road Commission

Summary of Audit Differences

General Operating Fund

Year Ended September 30, 2017

	Current Year Over (Under) Revenues and Expenditures/Expenses and Changes in <u>Fund Balance/Equity</u>
Unadjusted audit differences:	
Overstated prepaid items	\$ 6,740
Understated receivables and payables	<u>5,623</u>
Cumulative effect (<i>before</i> effect of prior year differences)	<u>12,363</u>
Effect of unadjusted audit differences – prior year:	
None	<u>-</u>
Cumulative effect (<i>after</i> effect of prior year differences)	<u>\$ 12,363</u>

	<u>Balance Sheet</u>	Statement(s) of Revenues and Expenditures/Expenses and Changes in <u>Fund Balance/Equity</u>
Reclassification adjustments:		
None	<u>\$ -</u>	<u>\$ -</u>