Maidencreek Township
Board of Supervisors

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March 26, 2015

Kosmerl & Co., P.C
535 North 5th Street
Reading, PA 19601-3005

We are providing this letter in connection with your audit of the Commonwealth of Pennsylvania Audit and Financial Report Form DCED-CLGS-30 (the report) of Maidencreek Township (the Township) as of December 31, 2014 for the purpose of expressing an opinion as to whether the Form DCED-CLGS-30 presents fairly, in all material respects, the assets, liabilities and fund balances, and revenues and expenditures, of Maidencreek Township in compliance with the accounting practices prescribed by the Department of Community and Economic Development of the Commonwealth of Pennsylvania on the cash basis of accounting as included in the Pennsylvania Form DCED. We confirm that we are responsible for the fair presentation in the Form DCED-CLGS-30 of the assets, liabilities and fund balances, and revenues and expenditures in conformity with the cash basis of accounting. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgement of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief as of March 26, 2015, the following representations made to you during your audit.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 25, 2014, including our responsibility for the preparation of the supplementary information in accordance with the applicable criteria.

- The financial statements referred to above are fairly presented in compliance with the accounting practices prescribed by the Department of Community and Economic Development of the Commonwealth of Pennsylvania and include all properly classified funds and other financial information of the primary government and all component units required by the Department of Community and Economic Development of the Commonwealth of Pennsylvania except for the exclusion of the General Fixed Assets Account Group.

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- Significant assumptions we used in making accounting estimates are reasonable.

- Related party relationships and transactions, including revenue, expenditure/expense, loans, transfers, leading arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in compliance with the accounting practices prescribed by the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

- All events subsequent to the date of the financial statements and for which the Department of Community and Economic Development of the Commonwealth of Pennsylvania requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to December 31, 2014 and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

- We believe the effects of the uncorrected Form DCED-CLGS-30 misstatements summarized in the attached schedule (if applicable) are immaterial, both individually and in the aggregate, to the Form DCED-CLGS-30 taken as a whole.

- We are in agreement with the adjusting journal entries you have recommended.

- The Township did not have large dollar amount payables that would normally have been paid but were unpaid at year end.

- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

- Guarantees whether written or oral, under which the Township is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- We have provided you with:

    - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

- Additional information that you have requested from us for the purpose of the audit.
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- Minutes of the meetings of Maidencreek Township or summaries of actions of recent meetings for which minutes have not yet been prepared.

- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

- We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
- There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- The Township has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities or equity.

- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

- We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the Form DCED-CLGS-30 or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

- We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of Form DCED-CLGS-30 amounts or other financial data significant to the audit objectives.

- We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the Form DCED-CLGS-30 or other financial data significant to the audit objectives.

- There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

- As part of your audit, you assisted with preparation of the Form DCED-CLGS-30. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for the Form DCED-CLGS-30.

- The Township has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

- The Township has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

- We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

- The Form DCED-CLGS-30 includes all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations. in compliance with the accounting practices prescribed by Department of Community and Economic Development of the Commonwealth of Pennsylvania and the Government Accounting Standards Board. During the year ended December 31, 2014, the Township had no component units and the Township was not a component unit of another governmental entity.

- The Form DCED-CLGS-30 properly classifies all funds and activities in accordance with the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

- Components of net assets (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.

- Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

- Expenses have been appropriately classified in or allocated to functions and programs in the Form DCED-CLGS-30 and allocations have been made on a reasonable basis.

- Revenues are appropriately classified in the Form DCED-CLGS-30.

- Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

- Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

- Capital assets, including infrastructure assets, are not capitalized.

- We have appropriately disclosed the Township's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.

- We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

- We have evaluated the Township's ability to continue as a going concern and have included appropriate disclosure, as necessary, in the Form DCED-CLGS-30.

- As of December 31, 2014 and to the date of this letter, the Township had no construction commitments or any other pending unfulfilled commitments.

- In regards to other non-attest services performed by you, we have:
  - Made all management decisions and performed all management functions,
  - Designated an individual with suitable skill, knowledge, or experience to oversee the services,
  - Evaluated the adequacy and results of the services performed,
  - Accepted responsibility for the results of the services, and
  - Established and maintained internal controls, including monitoring ongoing activities.

To the best of our knowledge and belief, no events have occurred subsequent to December 31, 2014 and through the date of this letter that would require adjustment to or disclosure in the aforementioned DCED-CLGS-30.

Signed: _____

Title: Chairperson

Signed: Diane Hollenbach

Title: Township Manager