

DATE, 2018

Board of Supervisors
Tobyhanna Township
Pocono Pines, PA 18350

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tobyhanna Township for the year ended December 31, 2017. 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 engagement letter to you dated November 16, 2015. 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 Tobyhanna Township 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 2017. We 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 statement of net assets and activities for the Township's government and business activities' financial statements were:

Management's estimate of depreciation of capital assets is based on the straight line method over the estimated useful lives of the assets.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

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 sale of the sewage collection and treatment system in Note 12 to the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. We found staff to be knowledgeable and conscientious in performing the duties of their jobs.

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. The following material misstatements detected as a result of audit procedures were corrected by management:

Cash receipts and disbursements relating to the Township's long-range traffic plan study in Pocono Summit were recorded to a liability account. As a result, General Fund revenues were materially understated. An adjustment was made to record the revenues and expenses for the project.

The transactions relating to the sale of the sewage collection and treatment system were not recorded correctly on the Sewer Fund and General Fund.

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 DATE, 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 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 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, we became aware of opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions are discussed below.

1. During 2017, the Township received contributions to help offset the costs of the long-range traffic plan in Pocono Summit. The cash receipts and disbursements were all recorded to an escrow type liability account. However, as this project is the undertaking of the Township, the cash receipts should be recorded as revenue, and the cash disbursements recorded as expenditures. Additionally, we recommend a separate bank account be established for projects like this so that the funds do not get commingled with other General Fund monies.

Supplementary Information

With respect to the supplementary information accompanying the financial statements, 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.

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Restriction on Use

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

Very truly yours,

RILEY AND COMPANY, INC.

DRAFT

Passed Adjusting Journal Entries
 Fund 01 - Township General
 Tobyhanna Township
 December 31, 2017

PAJE No.	Account Description	W/P Ref	Account Number	Asset	Liability	Equity	Revenue Expense
1	REAL ESTATE TRANSFER TAX		01.310.10				10,916.00
1	FUND BALANCE		01.270.000			-10,916.00	

to record difference between TB and confirmation

PAJE Totals By Classification				0.00	0.00	-10,916.00	10,916.00
Classification Totals Before PAJE				4,612,708.32	-539,272.52	-3,573,988.47	-499,447.33

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Passed Adjusting Journal Entries
 Fund 08 - Sewer
 Tobyhanna Township
 December 31, 2017

PAJE No.	Account Description	W/P Ref	Account Number	Asset	Liability	Equity	Revenue Expense
3	SEWER USER CHARGES		08.364.12				4,980.00
3	FUND BALANCE		08.270.000			-4,980.00	

to record difference between revenue per billing report and TB

PAJE Totals By Classification				0.00	0.00	-4,980.00	4,980.00
Classification Totals Before PAJE				102,544.14	0.00	-2,219,467.23	2,116,923.09

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Passed Adjusting Journal Entries
 Fund 90 - GASB 34 Fund Adjustments
 Tobyhanna Township
 December 31, 2017

PAJE No.	Account Description	W/P Ref	Account Number	Asset	Liability	Equity	Revenue Expense
2	GASB 34 PW Loss on disposal of asse		90.430.002				-23,418.00
2	Retained Earnings		90.270.000			23,418.00	

to record write-off of 2008 Wheel Loader that should have been done in 2016

PAJE Totals By Classification				0.00	0.00	23,418.00	-23,418.00
Classification Totals Before PAJE				11,172,145.79	1,862.26	-10,665,867.29	-508,140.76

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