



Zelenkofske Axlerod LLC

CERTIFIED PUBLIC ACCOUNTANTS
Experience. Expertise. Accountability.

Board of Pocono Township Commissioners
Tannersville, Pennsylvania

We have audited the financial statements of Pocono Township as of and for the year ended December 31, 2017, and have issued our report thereon dated September 6, 2018. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 15, 2018, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with the modified accrual basis of accounting. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Pocono Township solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm complied with all relevant ethical requirements regarding independence.

As part of our audit, we assisted with preparation of the Township's financial statements and related notes. Township management has acknowledged their responsibility as it relates to those nonaudit services, including that the Township assumes all management responsibilities; oversee the services by designating an individual within senior management who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. Township management has reviewed, approved, and accepted responsibility for those financial statements and related notes in its letter to us dated September 6, 2018.



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Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Pocono Township is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2017. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

As noted in Finding 2017-001 in our report, the Township received a Qualified Audit Opinion since the Government-Wide and Proprietary Fund Financial Statements are not presented on the accrual basis of accounting.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are allowances for uncollectible receivables, which is based on historical collection trends and was deemed reasonable through the audit.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Pocono Township's financial statements relate to: revenue recognition; measurement focus, basis of accounting and financial statement presentation; pension and other postemployment benefits (OPEB) plans valuation and disclosures; and long-term debt activities for the year.



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Identified or Suspected Fraud

We have not identified nor have we obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

Although we ultimately received full cooperation of management and believe that we were given direct and unrestricted access to Pocono Township's officials and senior management, we experienced significant difficulties in the performance of the audit owing to the delays of the OPEB actuary report. This delay in receiving the valuation added to the time needed to complete audit. Management does not anticipate these types of delays in the future.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Pocono Township's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have received certain written representations from management in their letter dated September 6, 2018.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.



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Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Pocono Township, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Pocono Township's auditors.

Noncompliance with Laws and Regulations, Violations of Contract Provisions or Grant Agreements

We have not identified matters involving noncompliance with laws and regulations, violations of contract provisions or grant agreements during the course of the audit.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing Pocono Township's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the supplementary information and determined that the manner of its presentation is consistent with the presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

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

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
September 6, 2018