



**LOWER MACUNGIE TOWNSHIP,
LEHIGH COUNTY, PENNSYLVANIA**

REPORT TO THE BOARD OF COMMISSIONERS

JUNE 7, 2010



Reinsel Kuntz Leshner^{LLP}

Certified Public Accountants and Consultants

*Fresh thinking.
Solid solutions.*

**To the Board of Commissioners
Lower Macungie Township
Lehigh County, Pennsylvania**

We are pleased to present this report related to our audit of the financial statements of Lower Macungie Township as of and for the year ended December 31, 2009. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Lower Macungie Township's financial reporting process.

This report is intended solely for the information and use of the Board of Commissioners and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to Lower Macungie Township.

Reinsel Kuntz Lesher LLP

**Wyomissing, Pennsylvania
June 7, 2010**

C O N T E N T S

MATTERS TO BE COMMUNICATED

- Required communications
- Summary of accounting estimates
- Summary of recorded audit adjustments
- Summary of uncorrected misstatements

CERTAIN WRITTEN COMMUNICATIONS BETWEEN MANAGEMENT AND OUR FIRM

- Letter communicating control deficiencies
- Representation letter
- Management letter

MATTERS TO BE COMMUNICATED

Required Communications

Statement on Auditing Standards No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications:

Area	Comments
Auditor's Responsibility Under Professional Standards	Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated November 9, 2009.
Accounting Practices	Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Township. The following are descriptions of significant accounting policies or their applications that were either selected or changed during the year: <ul style="list-style-type: none"><li data-bbox="836 982 1435 1050">• FASB ASC 105-10, <i>Accounting Standards Codification</i><li data-bbox="836 1087 1435 1123">• FASB ASC 855, <i>Subsequent Events</i>
	Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
	Alternative Treatments Discussed with Management We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.
Management's Judgments and Accounting Estimates	Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Accounting Estimates."

Required Communications (Continued)

Area	Comments
Audit Adjustments	There were nine audit adjustments made to the original trial balance presented to us to begin our audit. Audit adjustments recorded by Lower Macungie Township are shown on the attached "Summary of Recorded Audit Adjustments."
Uncorrected Misstatements	Uncorrected misstatements are summarized in the attached "Summary of Uncorrected Misstatements."
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
Difficulties Encountered in Performing the Audit	We did not encounter any difficulties in dealing with management during the audit.
Certain Written Communications Between Management and Our Firm	Copies of certain written communications between our firm and the management of the Township are included in the last section of this report.

LOWER MACUNGIE TOWNSHIP

Summary of Accounting Estimates Year Ended December 31, 2009

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Township's December 31, 2009 financial statements:

Area	Accounting Policy	Estimation Process	Comments
Fair value of investments	Investments are held by brokers who report to the Township the fair value on a monthly basis	Management receives the monthly investment statements. Changes to the fair value of investments are made on a quarterly basis.	None.
Capital assets	Depreciation of property, equipment and infrastructure is based on the Township's capital asset policy.	Management reviews the estimated useful lives of property and equipment annually and makes any required adjustments.	None.
Infrastructure assets	Estimated value of infrastructure contributed to the Township is based on current fair value.	The Township utilized the services of Keystone Consulting Engineers, Inc. to determine the value of the infrastructure assets contributed to the Township which are to be capitalized.	The value of contributed infrastructure was \$ 9,642,694 (includes land in the amount of \$ 2,865,200) for the year ended December 31, 2009.
Allowance for bad debts and utility billings	The Township has established an allowance of \$ -0- at December 31, 2009.	The Township files liens against real estate for delinquent utility billings.	None.

LOWER MACUNGIE TOWNSHIP

**Summary of Recorded Audit Adjustments
Year Ended December 31, 2009**

See attached Schedule.

Lower Macungie Township
 Year End: December 31, 2009
 Adjusting journal entries
 Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss)	Amount Chg
Net Income (Loss) Before Adjustments							3,556,981.70	
1	12/31/2009	Accounts Payable	01.200.200 GF		77,130.00			
1	12/31/2009	Transfer To Community Center Fund	01.492.019 GF			77,130.00		
1	12/31/2009	Accounts Receivable	19.121.100 DS			77,130.00		
1	12/31/2009	Accrued Interest Payable	19.245.000 DS		77,130.00			
1	12/31/2009	Transfer From General Fund	19.392.010 DS		77,130.00			
1	12/31/2009	Gen. Obligation Serial Bond Interest	19.471.200 DS			77,130.00		
Correct client entry # 1912 / # 1923.					231,390.00	231,390.00	3,634,111.70	77,130.00
2	12/31/2009	Appropriation of Prior Year Fund Bal	19.279.001 DS	7900.05	317.52			
2	12/31/2009	Prior Year Reserve	19.395.000 DS	7900.05		317.52		
2	12/31/2009	Appropriation of Prior Year Fund Bal	30.279.001 CP	7900.05	21,250.45			
2	12/31/2009	Prior Year Reserve	30.395.000 CP	7900.05		21,250.45		
Adjust beginning fund balance.					21,567.97	21,567.97	3,655,362.15	21,250.45
3	12/31/2009	Contributions in Lieu of Traffic Imp	01.359.200 GF		125,735.23			
3	12/31/2009	Transfer from Developers Impact Fur	01.392.370 GF			125,735.23		
Reclass interfund transfer.					125,735.23	125,735.23	3,655,362.15	0.00
4	12/31/2009	Accounts Payable	08.200.200 SEW	2005.25		36,536.34		
4	12/31/2009	Treatment & Transportation	08.429.364 SEW	2005.25	36,536.34			
To properly accrue a 2009 expense that was not accrued.					36,536.34	36,536.34	3,618,825.81	(36,536.34)
5	12/31/2009	Traffic Contributions from Developer	37.283.100 DIF	1595.06	120,810.59			
5	12/31/2009	Traffic Contributions	37.360.100 DIF	1595.06		120,810.59		
Recognize revenue (project is complete and funds have been spent).					120,810.59	120,810.59	3,739,636.40	120,810.59
6	12/31/2009	Accrued Sick Time Payable, L-T	08.201.201 SEW	8104.02		5,321.63		
6	12/31/2009	Accrued Sick Time Expense	08.487.120 SEW	8104.02	5,321.63			
Record long-term portion of sick pay for proprietary funds.					5,321.63	5,321.63	3,734,314.77	(5,321.63)
7	12/31/2009	General Obligation Bonds - NonElect	30.393.120 CP	5150		2,565,000.00		
7	12/31/2009	Bond Premium	30.393.200 CP	5150		18,484.05		
7	12/31/2009	Bond Principal	30.471.200 CP	5150	2,375,000.00			
7	12/31/2009	Bond Interest	30.472.200 CP	5150	46,621.52			
7	12/31/2009	Bond Interest	30.472.200 CP	5150	4,673.44			
7	12/31/2009	Bond Interest	30.472.200 CP	5150	3,509.64			
7	12/31/2009	Bond Interest	30.472.200 CP	5150		4,673.44		
7	12/31/2009	Bond Discount	30.472.700 CP	5150	8,036.50			
7	12/31/2009	Bond Issuance Costs	30.475.000 CP	5150	150,314.39			
Adjust client journal entry # 1478 to record the 2009 bond issue.					2,588,157.49	2,588,157.49	3,734,314.77	0.00
8	12/31/2009	Accounts Receivable-Current	01.121.100 GF	8402		2,688.52		
8	12/31/2009	Pension	01.487.160 GF	8402	2,688.52			
Adjust pension expense.								

Lower Macungie Township

Year End: December 31, 2009

Adjusting Journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss)	Amount Chg
					2,688.52	2,688.52	3,731,626.25	(2,688.52)
9	12/31/2009	Accounts Payable	30,200.200 CP	2005. 20		137,266.00		
9	12/31/2009	Facility Construction	30,460.600 CP	2005. 20	137,266.00			
		Record E.R. Stuebner Inc. application for payment # 8 (fire station opened on 12/23/09 and all work was completed).			137,266.00	137,266.00	3,594,360.25	(137,266.00)
					3,269,473.77	3,269,473.77	3,594,360.25	37,378.55

LOWER MACUNGIE TOWNSHIP

Summary of Uncorrected Misstatements Year Ended December 31, 2009

During the course of our audit, we accumulated uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements and related disclosures. The summary is attached to the representation letter.

**CERTAIN WRITTEN COMMUNICATIONS BETWEEN
MANAGEMENT AND OUR FIRM**

**To the Board of Commissioners
Lower Macungie Township
Lehigh County, Pennsylvania**

In connection with our audit of the financial statements of Lower Macungie Township (the "Township") as of and for the year ended December 31, 2009, we identified deficiencies in internal control over financial reporting (control deficiencies).

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We are not reporting any material weaknesses or significant deficiencies for the year ended December 31, 2009.

Certain control deficiencies that have been previously communicated to you, in writing, by us or by others within your organization are not repeated herein.

Following are descriptions of other identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

- General Ledger - General ledger account balances were misstated or had unreconciled items in the following areas:
 - Issuance of the General Obligation Bonds, Series of 2009, was not properly recorded and an audit adjustment was required to properly record the transaction.

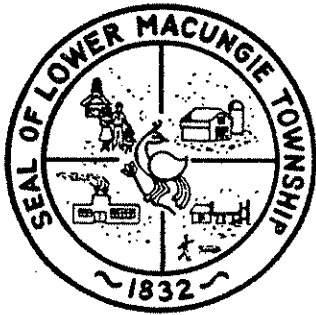


- Deferred revenue was not adjusted during 2009 to reflect revenue recognized from developer traffic contributions. The funds available from these contributions were fully expended on a traffic project that was completed in 2009. An audit adjustment was recorded to recognize this revenue and to reasonably state the remaining balance in deferred revenue.
- Escrow Activity - The Township records escrow activity in QuickBooks, and then posts summary transactions of the activity into the Foundations Software via a general journal entry. Recording activity in this manner could lead to a lack of consistency between QuickBooks and the accounting software and, therefore, could lead to financial statement misstatement. QuickBooks does have a flexible, intuitive environment for managing developer escrow activity detail that the Township's Foundations Software cannot provide. However, the use of a separate accounting package is not the preferred approach from both workflow and control considerations.
- Permit Applications - The Township uses pre-printed application forms that require the calculation of fees owed based upon the type of permit being issued. The current application forms do not include a pre-printed sequential number. No reconciliation was available for review that reconciles usage of the application forms with cash received and unused or missing applications. Six permits were missing in sequence and there was no indication that the permits were voided.
- Accounts Receivable - The Township's software does not properly apply customer payments on account. Unapplied credits exist in the software that are not reflected in the aging balance. Therefore, the accounts receivable subsidiary ledger does not agree to the general ledger in the Sewer or Solid Waste Funds. When recognizing the "on account" credits, the unreconciled difference was not significant.

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

Reinsel Kuntz Lesher LLP

**Wyomissing, Pennsylvania
June 7, 2010**



LOWER MACUNGIE TOWNSHIP

3400 BROOKSIDE ROAD

MACUNGIE, PA 18062-1428

PHONE: 610 966-4343 • FAX: 610 965-3654

June 7, 2010

Reinsel Kuntz Leshner LLP
1330 Broadcasting Road
P.O. Box 7008
Wyomissing, PA 19610

In connection with your audit of the primary government basic financial statements of Lower Macungie Township, Lehigh County, Pennsylvania, as of and for the year ended December 31, 2009, we confirm, that we are responsible for the fair presentation in the financial statements of financial position, changes in financial position, and cash flows in conformity with accounting principles generally accepted in the United States of America.

We confirm to the best of our knowledge and belief, the following representations made to you during your audit:

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We have identified for you all organizations that are a part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards that are:
 - a. Component units.
 - b. Other organizations for which the nature and significance of their relationship with Lower Macungie Township are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
 - c. Jointly governed organizations in which we participated.
3. We have identified for you all of our funds, governmental functions, and identifiable business-type activities.
4. We have properly classified all funds and activities.
5. We have properly determined and reported the major governmental and enterprise funds based on the required quantitative criteria. We have determined the following funds to be major for public interest reasons - *State Liquid Fuels Fund*. We believe that all judgmentally determined major funds are particularly important to the financial statement users.

6. We are responsible for compliance with laws and regulations applicable to Lower Macungie Township including adopting, approving, and amending budgets.
7. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts including legal and contractual provisions for reporting specific activities in separate funds.
8. We have made available to you:
 - a. All financial records and related data of all funds and activities, including those of all special funds, programs, departments, projects, activities, etc., in existence at any time during the period covered by your audit.
 - b. All minutes of the meetings of the governing board and committees of board members or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. All communications from grantors, lenders, other funding sources, or regulatory agencies concerning noncompliance with:
 - (1) Statutory, regulatory, or contractual provisions or requirements.
 - (2) Financial reporting practices that could have a material effect on the financial statements.
9. We have no knowledge of fraud or suspected fraud affecting the entity involving:
 - a. Management or employees who have significant roles in the internal control.
 - b. Others where the fraud could have a material effect on the financial statements.
10. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the Township received in communications from employees, former employees, analysts, regulators, short sellers or others.
12. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize and report financial data.
13. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

14. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
15. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Related-party transactions, including those with the primary government having accountability for Lower Macungie Township, component units for which the Township is accountable, other organizations for which the nature and significance of their relationship with the Township are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, joint ventures in which the Township has an interest, and jointly governed organizations in which Lower Macungie Township participates, all as defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees, all of which have been recorded in accordance with the economic substance of the transaction and appropriately classified and reported.
 - b. The fair value of investments.
 - c. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
 - d. Any liabilities which are subordinated in any way to any other actual or possible liabilities.
 - e. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
 - f. Debt issue provisions.
 - g. All significant estimates and material concentrations known to management which are required to be disclosed in accordance with the AICPA's Statement of Position No. 94-6, *Disclosure of Certain Significant Risks and Uncertainties*. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.
 - h. Risk financing activities.
 - i. Derivative financial instruments.

- j. Special and extraordinary items.
 - k. Deposits and investment securities category of custodial credit risk.
16. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
- a. To reduce receivables to their estimated net collectable amounts.
 - b. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values.
 - c. For pension obligations, post-retirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through December 31, 2009.
 - d. For any material loss to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
 - e. For any material loss to be sustained as a result of purchase commitments.
 - f. For environmental clean-up obligations.
17. There are no:
- a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.
 - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450 and/or GASB Statement No. 10.
 - d. Guarantees, whether written or oral, under which the Government is contingently liable.
 - e. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.

- f. Line of credit or similar arrangements.
 - g. Agreements to repurchase assets previously sold.
 - h. Security agreements in effect under the Uniform Commercial Code.
 - i. Other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
 - j. Leases and material amounts of rental obligations under long-term leases.
 - k. Authorized but unissued bonds and/or notes.
 - l. Arbitrage rebate liabilities.
 - m. Impairments of capital assets and the method of measuring the impairment are appropriate.
18. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5 and/or GASB Statement No. 10.
19. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private or to special assessment bond holders that is not disclosed in the financial statement.
20. We have satisfactory title to all owned assets.
21. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
22. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
23. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
24. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
25. Capital assets, including infrastructure assets, are properly capitalized, reported and depreciated.
26. Required supplementary information is properly measured and presented

27. We confirm that the Township does not provide any postemployment benefits other than a pension plan that would require disclosures in accordance with GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.
28. We acknowledge that application for payment No. 8 from E. R. Stuebner, Inc. in the amount of \$ 137,266 is for services that were performed prior to December 31, 2009 and this amount is properly accrued at December 31, 2009.
29. We confirm that the \$ 1,127,318 being held at Meridian Bank, as Account No. 4005401, is not a bank account in the name of the Township. The funds are being held in control of the bankruptcy court. The Township is the beneficiary of a letter of credit posted by the developer.
30. We are responsible for and have reviewed and approved the proposed adjustments to the trial balances identified during the audit, and will post all adjustments accordingly. We have reviewed, approved, and are responsible for overseeing the preparation and completion of the basic financial statements and related notes.
31. Investments are carried at fair value.
32. Investments of pension trust funds are pursuant to the guidelines established by the Pension Board.
33. We are responsible for determining that significant events or transactions that have occurred since the statement of financial position date and through the date of this letter, have been recognized or disclosed in the financial statements. No events or transactions other than those disclosed in the financial statements have occurred subsequent to the statement of financial position date and through the date of this letter that would require recognition or disclosure in, the financial statements. We further represent that as of the date of this letter, the financial statements were complete in a form and format that complied with accounting principles generally accepted in the United States of America and all approvals necessary for issuance of the financial statements had been obtained.
34. During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
35. We believe that the effects of the uncorrected misstatements aggregated by you and summarized in the attached schedules are immaterial, both individually and in the aggregate to the opinion units of the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Management reviewed, approved and asserted their responsibility for the final draft financial statements.

LOWER MACUNGIE TOWNSHIP



Bruce E. Fosselman
Township Manager



Cassandra Williams
Director of Finance

LOWER MACJUNGIE TOWNSHIP

SUMMARIZED SCHEDULE OF UNCORRECTED MISSTATEMENTS

As of and for the Year Ended December 31, 2009

We believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

OPINION UNIT: MAJOR FUND

Effect – Increase (Decrease)

DESCRIPTION: SEWER FUND	FUND BALANCE/ EQUITY	REVENUES	EXPENDITURE/ EXPENSE	OTHER
CARRYOVER IMPACT FROM PREVIOUS YEARS		21,405		21,405
CURRENT YEAR MISSTATEMENTS				
• Known Errors:				
Accounts receivable per the trial balance is less than the aging report		12,807		12,807
• Differences with Estimates				
• Projected Errors				
TOTAL EFFECT ON OPERATIONS		<u>34,212</u>		<u>34,212</u>

LOWER MACUNGIE TOWNSHIP
SUMMARIZED SCHEDULE OF UNCORRECTED MISSTATEMENTS

As of and for the Year Ended December 31, 2009

We believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

OPINION UNIT: MAJOR FUND

Effect – Increase (Decrease)

<u>DESCRIPTION: CAPITAL PROJECTS FUND</u>	<u>FUND BALANCE/ EQUITY</u>	<u>REVENUES</u>	<u>EXPENDITURE/ EXPENSE</u>	<u>OTHER</u>
CARRYOVER IMPACT FROM PREVIOUS YEARS				
CURRENT YEAR MISSTATEMENTS				
• Known Errors: Record Semmel Excavating, Inc. December 2009 invoice		12,525		12,525
• Differences with Estimates				
• Projected Errors				
TOTAL EFFECT ON OPERATIONS		<u>12,525</u>		<u>12,525</u>

LOWER MACUNGIE TOWNSHIP

SUMMARIZED SCHEDULE OF UNCORRECTED MISSTATEMENTS

As of and for the Year Ended December 31, 2009

We believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

OPINION UNIT: BUSINESS-TYPE ACTIVITIES

Effect – Increase (Decrease)

DESCRIPTION: BUSINESS-TYPE ACTIVITIES	FUND BALANCE/ EQUITY	REVENUES	EXPENDITURE/ EXPENSE	OTHER
CARRYOVER IMPACT FROM PREVIOUS YEARS		21,405		21,405
CURRENT YEAR MISSTATEMENTS				
• Known Errors:				
Accounts receivable per the trial balance is less than the aging report		12,807		12,807
• Differences with Estimates				
• Projected Errors				
TOTAL EFFECT ON OPERATIONS		<u>34,212</u>		<u>34,212</u>

LOWER MACUNGIE TOWNSHIP

SUMMARIZED SCHEDULE OF UNCORRECTED MISSTATEMENTS

As of and for the Year Ended December 31, 2009

We believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

OPINION UNIT: GOVERNMENT ACTIVITIES

Effect – Increase (Decrease)

DESCRIPTION: GOVERNMENT ACTIVITIES	FUND BALANCE/ EQUITY	REVENUES	EXPENDITURE/ EXPENSE	OTHER
CARRYOVER IMPACT FROM PREVIOUS YEARS	82,973	82,973	7,512	7,512
CURRENT YEAR MISSTATEMENTS				
<ul style="list-style-type: none"> • Known Errors: <ul style="list-style-type: none"> Record Semmel Excavating, Inc. December 2009 invoice • Differences with Estimates • Projected Errors 			12,525	12,525
TOTAL EFFECT ON OPERATIONS	<u>82,973</u>	<u>82,973</u>	<u>20,037</u>	<u>20,037</u>



**LOWER MACUNGIE TOWNSHIP,
LEHIGH COUNTY, PENNSYLVANIA**

MANAGEMENT LETTER

DECEMBER 31, 2009



Reinsel Kuntz Lesher^{LLP}
Certified Public Accountants and Consultants

*Fresh thinking.
Solid solutions.*

**To the Board of Commissioners
Lower Macungie Township
Lehigh County, Pennsylvania**

This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of Lower Macungie Township (the "Township") as of and for the year ended December 31, 2009. These items are offered as constructive suggestions to be considered part of the ongoing process of modifying and improving the Township's practices and procedures.

BANK RECONCILIATIONS

Audit procedures in the cash area disclosed that there were unreconciled transactions between the general ledger and various bank account reconciliations.

- Two Lafayette Ambassador bank accounts were closed during 2009, but balances still existed on the general ledger at December 31, 2009. These balances were not significant, and therefore, no audit adjustment was recorded.
- The Lafayette Ambassador bank account for the regular checking account bank reconciliation at December 31, 2009 presents \$ 76,108 of invalid unreconciled items. This amount consists of transactions dating back to 2008 that are not cleared in the Foundation's accounting software, but are not accurate reconciling items at December 31, 2009.

Recommendation:

- ❖ We recommend that management investigate and clear unreconciled items on a timely basis to provide an accurate reconciled cash balance report throughout the year.



CAPITAL ASSET RECORDS

Audit procedures in the area of capital assets disclosed that the Township has not implemented the capital asset module of its accounting software due to significant deficiencies within the software module. Information concerning historical cost and depreciation of capital assets are maintained in Microsoft Access Database. Maintaining records in this manner makes the asset cost, as well as accumulated depreciation susceptible to misstatement due to potential errors in calculating formulas that may go undetected.

Recommendation:

- ❖ We recommend that upon management's implementation of new accounting software in 2010, management consider using a capital asset module that is integrated with the general ledger. This will provide more accurate information regarding capital assets.

This letter is intended solely for the information and use of the Board of Commissioners and others within the Township and is not intended to be and should not be used by anyone other than these specified parties. We appreciate serving Lower Macungie Township and would be happy to assist you in addressing and implementing any of the suggestions in this letter.

Reinsel Kuntz Lesher LLP

**Wyomissing, Pennsylvania
June 7, 2010**