

**BEE BERGVALL & Co.**  
Certified Public Accountants

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June 9, 2015

To the Board of Commissioners  
Upper Dublin Township  
Upper Dublin, Pennsylvania

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Upper Dublin Township for the year ended December 31, 2014. 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 letter to you dated April 21, 2011. Professional standards also require that we provide you with 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 Upper Dublin Township are described in Note I to the financial statements. As described in Note IV to the financial statements, Upper Dublin Township adopted GASB Statement No. 67 - *Financial Reporting of Pension Plans* during the fiscal year ended December 31, 2014. We noted no transactions entered into by the governmental unit 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 financial statements were:

Management's estimate of the capital asset depreciation expense is based on an estimate of the useful lives of the capital assets. The end of year liability for compensated absences is calculated based on vested time accumulated. The liabilities for annual required contributions for the pension plan and other post-employment benefits are based upon the plan descriptions. We evaluated the key factors and assumptions used to develop the accounting estimates 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 trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Because Upper Dublin Township's general ledger is maintained for each fund according to the modified accrual basis of accounting, we recommended adjustment to allow for the presentation of the government-wide financial statements on the full accrual basis since generally accepted accounting principles require that both presentations be made in the financial statements.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as 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 June 9, 2015.

#### *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 governmental unit'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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

At the conclusion of our audit, we did not issue a Schedule of Findings that would discuss internal control related and other matters that existed for the year ended December 31, 2014. We do however feel the following area, although not a significant deficiency or material weakness in internal controls, could improve efficiency and result in some potential savings.

*Benchmarking performance factors*

Benchmarking or metrics can be a useful financial planning tool to better predict current and future financial health based on assumptions and comparisons to other municipalities. They provide more direct control over setting priorities and allocating resources, while providing greater transparency and stronger accountability to the community. These comparisons can help the Township anticipate, study, predict and report fiscal trends.

This increase in transparency allows the community to better understand the current financials and envision the future.

There are a variety of software products that would facilitate the Township's tracking and analysis of metrics. We recommend that the Township review the available tools and consider the potential benefit and impact of these systems.

*Other Matters*

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.

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

Very truly yours,

*Bee, Bergvall & Co.*

Bee, Bergvall & Co., P.C.