



GOLD SOCIAL GERSTEIN LLC

Certified Public Accountants and Consultants
Formerly: Gold Melizer Plasky & Wise, PA and Gocial Gerstein, LLC

The Pavilion, Suite 900
261 Old York Road
Jenkintown, PA 19046

215.572.7790
215.572.8945 fax
www.g3cpa.com

To the Members of the Board
Borough of Conshohocken Authority
601 East Elm Street
Conshohocken, PA 19428

In planning and performing our audit of the financial statements of the Borough of Conshohocken Authority as of and for the year ended December 31, 2010, in accordance with U.S. generally accepted auditing standards, we considered the Borough of Conshohocken Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control during the 2009 audit that we considered to be significant deficiencies.

A deficiency in internal control 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 material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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.

In performing the 2009 audit, we noted several significant deficiencies that were communicated in our letter dated August 12, 2010. Many of these significant deficiencies were remediated in 2010 as a result of the Board's decision to appoint a new executive director and outsource certain accounting functions.

We consider the following prior deficiencies in the Borough of Conshohocken Authority's internal control to be significant deficiencies. These deficiencies are communicated in this letter either because they have not been fully remediated or because they were remediated, and we are reporting management's remediation efforts.

- Lack of Internal Controls to Ensure Timely Payments, Postings and Reconciliations
 - ▶ A member of the Authority's Board should receive all unopened bank statements on a monthly basis. Transactions, including cancelled checks and ACH withdrawals, should be reviewed. Following this review, the related bank statement should be given to the Authority's personnel to reconcile. (Reported from 2009, not remediated)
 - ▶ Wire transfers, especially those related to proceeds from the Sewer Revenue Note, should be approved. All wire transfers should be supported by the appropriate documentation. (This finding was remediated in 2010.)
 - ▶ The Authority needs to monitor and properly account for its petty cash transactions. (This finding was remediated in 2010.) The petty cash fund is being replenished on a bi-monthly or quarterly basis, and the Board Authority approves all replenishments.
- Lack of Internal Controls Over Cash Disbursements
 - ▶ All expenditures by the Authority should be approved. Evidence of approval should be reflected on the related invoice or supporting documentation. (This finding was remediated in 2010. Both the Department Head and Executive Director approve all expenditures.)
 - ▶ The Authority should prepare an annual budget. This budget should be compared on a monthly basis to the actual operating results. Discrepancies and variances should be investigated and resolved. (This finding has been remediated. Beginning in January 2011, a formal budget was adopted and compared to actual results on a monthly basis.)

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

Gold Gocial Gerstein LLC

GOLD GOICIAL GERSTEIN LLC
Jenkintown, Pennsylvania
May 20, 2011