

**TOWNSHIP OF CONEWAGO  
DAUPHIN COUNTY, PENNSYLVANIA  
RESOLUTION NO. 2010 • / \_\_\_\_\_**

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE TOWNSHIP OF CONEWAGO, DAUPHIN COUNTY, PENNSYLVANIA, TO APPOINT A CERTIFIED PUBLIC ACCOUNTING FIRM TO EXAMINE THE ALL OF THE ACCOUNTS OF THE TOWNSHIP (AUDIT) FOR THE 2009 FISCAL YEAR.

WHEREAS, the Board of Supervisors of the Township of Conewago (hereinafter, the "Board of Supervisors") are authorized pursuant to section 917(b) of the Second Class Township Code to appoint a firm of certified public accountants to examine/audit the accounts of the Township, and have advertised its intent to do so;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Conewago Township, Dauphin County, Pennsylvania, as follows:

**Section 1.** That the Board of Supervisors hereby appoints the certified public accounting firm of \_\_\_\_\_  
to examine/audit the accounts of the Township of Conewago for the 2009 fiscal year upon the terms and compensation set forth in the accounting firm's proposal dated September 8, 2009.

**Section 2.** This Resolution shall become effective and be in force immediately.

DULY ADOPTED this 4<sup>th</sup> day of January, 2010, by the Board of Supervisors of the Township of Conewago, Dauphin County, Pennsylvania, in lawful session duly assembled.

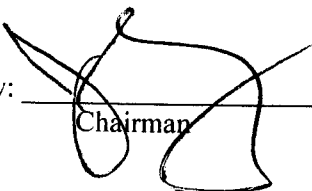
ATTEST:

BOARD OF SUPERVISORS  
TOWNSHIP OF CONEWAGO  
DAUPHIN COUNTY, PENNSYLVANIA

By: \_\_\_\_\_

*Shelley A. Meyers*  
Secretary

By: \_\_\_\_\_

  
Chairman

[TOWNSHIP SEAL]

September 8, 2009

Township Supervisors  
Conewago Township  
3279 Old Hershey Road  
Elizabethtown, PA 17022

We are pleased to confirm our understanding of the services we are to provide Conewago Township for the years ended December 31, 2009 and 2010. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, which collectively comprise the entity's basic financial statements, of Conewago Township as of and for the years ended December 31, 2009 and 2010. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI) to accompany the Township's basic financial statements. As part of our engagement, we will apply certain limited procedures to the Township's RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with procedures relating to it, we will disclaim an opinion on it. The following RSI is required by generally accepted accounting principles that will be subjected to certain limited procedures, but will not be audited:

1. Budgetary Comparison – General Fund
2. Budgetary Comparison – State Highway Aid

**Audit Objective**

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with the modified cash basis of accounting and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken as a whole. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and will include tests of the accounting records of Conewago Township and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

### **Management Responsibilities**

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township and the respective changes in financial position and where applicable, cash flows, in conformity with the modified cash basis of accounting. Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You are also responsible for management decisions and functions; for designating an individual with suitable skill, knowledge, or experience to oversee our financial statement preparation services and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township and the respective changes in financial position and where applicable, cash flows, in conformity with the modified cash basis of accounting.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

### **Audit Procedures – General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

#### **Audit Procedures – Internal Control**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

#### **Audit Administration, Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Township's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

#### **Audit Administration, Fees, and Other**

We understand that your employees will locate any documents selected by us for testing.

Our fees for these services will be billed \$6,300 for the year ended December 31, 2009, and \$6,400 for the year ended December 31, 2010. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Jim Faren is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We appreciate the opportunity to be of service to Conewago Township and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us in the envelope provided.

Very truly yours,



James F. Faren, CPA

RESPONSE:

This letter correctly sets forth the understanding of Conewago Township for the years ended December 31, 2009 and 2010.

By: \_\_\_\_\_

Title: CHAIRMAN, CONEWAGO TOWNSHIP BOARD OF SUPERVISORS

Date: 1/4/10