

RESOLUTION NO. 01-2016-1529

BY THE BOARD OF COMMISSIONERS OF THE TOWNSHIP OF SALISBURY, LEHIGH COUNTY, PENNSYLVANIA, NAMING AN AUDITOR TO AUDIT THE TOWNSHIP ACCOUNTS FOR YEAR 2015 AND ESTABLISHING COMPENSATION FOR SERVICES.

WHEREAS, the Board of Commissioners desires to appoint an auditor to perform the audit of the accounts for year 2015 of the Township of Salisbury.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Township of Salisbury, Lehigh County, Pennsylvania, and it is hereby resolved by same that Mr. Todd J. Bushta, Certified Public Accountant, of the Accountancy Firm of Bushta & Co., P.O. Box 3419, Bethlehem, PA 18017, be retained as Auditor to audit the Township accounts for year 2015.

BE IT FURTHER RESOLVED that compensation for said auditing services shall be an amount not to exceed \$12,000.

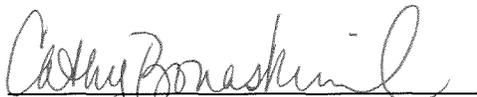
APPROVED AND ADOPTED this 4th day of January, 2016 at a regular public meeting.

TOWNSHIP OF SALISBURY
(Lehigh County, Pennsylvania)

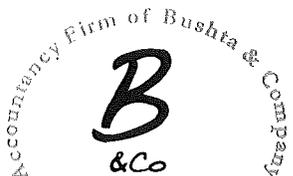


President, Board of Commissioners

ATTESTED:



Township Secretary



TODD J. BUSHTA, CPA

C E R T I F I E D P U B L I C A C C O U N T A N T

Township of Salisbury
Cathy Bonaskiewich
Acting Twp Manager/Finance Director

3000 S. Pike Avenue
Allentown, PA 18122

December 9, 2015

Dear Mrs. Bonaskiewich:

We are pleased to confirm our understanding of the services we are to provide Township of Salisbury for the year ended December 31, 2015. We will audit the primary governments financial statements which collectively include the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Township of Salisbury, as of and for the year ended December 31, 2015. We understand that the financial statements will be presented in accordance with the financial reporting model in described in GASB Statement No. 34. Also, in addition to the general purpose financial statements, we will prepare and submit the PA DCED annual report.

The document will also include the management's discussion and analysis and budgetary comparison information that will not be subject to the auditing procedures applied in our audit of the financial statements, and for which our auditor's report will disclaim an opinion.

Audit Objectives

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 which is a comprehensive basis of accounting other than, *U.S. generally accepted accounting principles* 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. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

The reports on internal control and compliance will each include a statement that the report is intended for the information and use of the audit committee, management, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

TELE: 610.625.1490
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BETHLEHEM, PENNSYLVANIA

LEHIGH VALLEY AND POCONO MOUNTAINS

Our audit will be conducted in accordance with *U.S. generally accepted auditing standards*; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of accounting records, we consider necessary to enable us to express such an opinion and to render the required reports. 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 control and for compliance with the provisions of contracts, agreements, and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that programs are managed in compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, including the schedule of expenditures of federal awards, but the responsibility for the financial statements remains with you. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting and compliance, the selection and application of accounting principles, and the safeguarding of assets. Management is responsible for adjusting the financial statements to correct material misstatements and for 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 affecting the government involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are also responsible for 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 errors, fraudulent financial reporting, misappropriation of assets, or 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 or noncompliance 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 any 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 Controls

In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinions on Township of Salisbury's financial statements. We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Tests of controls relative to the financial statements are required only if control risk is assessed below the maximum level. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the governing body or audit committee of any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the *American Institute of Certified Public Accountants*. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We will also inform you of any nonreportable conditions or other matters involving internal control, if any.

Audit Procedures—Compliance

Our audit will be conducted in accordance with the standards referred to in the section titled Audit Objectives. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Township of Salisbury's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Audit Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any invoices selected by us for testing.

The workpapers for this engagement are the property of Bushta & Company, LLC and constitute confidential information. However, we may be requested to make certain workpapers available to a Cognizant or Grantor Agency pursuant to authority given to it by law or regulation. If requested, access to such workpapers will be provided under the supervision of Todd J. Bushta, CPA and Bushta & Company, LLC personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to the Cognizant or Grantor Agency. The Cognizant or Grantor Agency may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

The workpapers for this engagement will be retained for a minimum of three years after the date the auditor's report is issued or for any additional period requested by the Cognizant Agency, Oversight Agency for Audit, or Pass-through Entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the workpapers.

We expect to begin our audit at the regularly scheduled time and to issue our reports no later than March 31. Our fee for these services will be **\$12,000** as described in the audit proposal documents submitted prior to the awarding of the engagement.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract.

We appreciate the opportunity to be of service to Township of Salisbury's 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.

Truly yours,



Todd J. Bushta, CPA

RESPONSE:

This letter correctly sets forth the understanding of the Township of Salisbury.



Township of Salisbury
Cathy Bonaskiewich
Acting Twp Manager/Finance Director

1/4/16

Date